

**BUSINESS STRATEGIES OF ORGANISATIONS IN A
CHALLENGING ECONOMY: THE CASE OF MOBILE
COMPANY X ZIMBABWE (MCXZ)**

by

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DECLARATION

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I declare that “**Business strategies of organisations in a challenging economy: The case of Mobile Company X Zimbabwe**” is my own work and that all sources that I have quoted have been indicated and acknowledged by means of complete references.

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DATE: 15 June 2018

DEDICATION

I wish to dedicate this dissertation to my late sister Mrs. Emily Dzinouya, whose courage, determination and support remains my source of inspiration forever. May her soul rest in eternal peace.

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I can testify to the continuous guidance and blessing of my Lord and the way He guided me through the entire process.

ABSTRACT

This study sought to establish the business strategies employed by Mobile Company X Zimbabwe (MCXZ) for it to survive the challenging economy. A qualitative research and a case-based approach involving MCXZ were used. Semi-structured interviews and secondary data were used to produce qualitative data and for triangulation of findings. Data was analysed and managed through qualitative coding and Atlas.ti program. The findings of the study showed that MCXZ employed growth business strategies through market penetration, product development, market development and strategic alliances. In addition, the study found that banking crisis, high competition, rapid technological changes, consumer preferences, shrinking markets and unfavourable government policies are the main threats in the challenging economy. However, MCXZ managed to survive and grow due to the integration of business strategies and the key success factors (KSF) in the industry. The KSF are organisational agility, research and development, quality and affordable mobile phones and effective after sales service and accessories.

KEYWORDS:

Business strategies, growth strategies, survival business strategies, corporate business strategies, challenging economy, government policies, banking crisis, competition, organisational agility, mobile phone technology.

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LIST OF ABBREVIATIONS

BCG	Boston Consulting Group
BOP	Bottom of the Pyramid
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IT	Information Technology
LOCAL CO	Local Company
MCXZ:	Mobile Company X Zimbabwe
NSSA	National Social Security Authority
POTRAZ	Postal Communications Regulatory Authority Zimbabwe
R&D	Research and Development
S-as-P	Strategy-as-practice
SWOT	Strengths, weaknesses, opportunities and threats
ZIMSTATS	Zimbabwe National Statistics Agency

Chapter One

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1 INTRODUCTION

This study seeks to establish the business survival strategies employed by Mobile Company X Zimbabwe (MCXZ) in light of the economic meltdown in the country. This chapter will first present the background of the topic, research rationale, problem statement, research objectives and research questions in detail. Furthermore, the chapter will provide a brief review of literature and the method used to investigate the problem. Finally, ethical considerations, assumptions, delimitations and limitations including the overall chapter outlines of the study will be presented.

1.2 BACKGROUND

The post-colonial challenges and weak democracies in Africa create a unique set of forces to their developing economies (Mamvura, 2015:2), and these unique sets of forces such as political instability, unpredictable business policies and bad governance, just to mention a few, make the business environment unfavourable. This situation is prevalent in the African context, as a result, Africa has been given the worst position on the easy-to-do business scale in the world which considers how the regulatory environment is more conducive to the starting and operating of a local firm (Doing Business Survey, 2017). Additionally, the main problems faced by Africa are economic mismanagement, bad governance, corruption, and interference from politicians (Doing Business Survey, 2017). Zimbabwe is one of the African countries which suffer from political uncertainty and a weak democracy due to politicians who want to rule the country infinitely (Kofi, 2005). In Africa, Ivory Coast, Kenya, Burundi and Uganda are typical example of other countries which have economic challenges due to their political history and fragile democracy (Kofi, 2005).

1.2.1 Zimbabwe's economic background

Zimbabwe got its independence in 1980 and for several years the economy was very stable with the real GDP at 14.6% (Globalisation and Monetary Policy Institute Annual Report, 2011). However, in 1999 the country's highly prosperous and stable economy drastically declined to an impoverished and unstable condition (Economic Intelligence Unit Country Report, 2007) and this was mainly due to the following factors:

- Unplanned land reforms where farmers were violently evicted from their farms without compensation. These unplanned land reforms significantly resulted in very low productivity in the country which relies mostly on agriculture (Makoni, 2011:440).
- The 2000 and 2003 elections were not endorsed by the international world as they were marred by violence and alleged rigging.

These factors led to economic sanctions being imposed on the country. Economic sanctions meant that Zimbabwe was being isolated from the international community, thus, the country faced a huge reduction in foreign direct investment including the withdrawal of donor support (Noko, 2011:349; Mamvura, 2015:5). Between the years 2000 and 2008, the country also suffered from hyperinflation of the Zimbabwean dollar which resulted in a challenging business environment for businesses operating in country. By 2008 the inflation rate was the highest in the world at 230 000 000% (Economic Intelligence Unit Country Report, 2009). As a result, the economy was characterised by a severe liquidity crunch, shortages of basic commodities and many companies shutting down (Robertson, 2014).

In 2009, the government scrapped the Zimbabwean dollar and introduced a multi-currency system whereby the country would be mainly using the United States dollar and also accepting other currencies such as the British pound, the Botswana pula, South African rand, and the Chinese currency among others (Zimbabwe Minister of Finance, 2009; Noko, 2011:348). The use of the multi-currency system boosted the confidence in the economy and increased

productivity in the year 2010(Richardson, 2013:1; Noko, 2011:349). The other benefit was that the inflation rate became very low and stable (Robertson, 2014). However, economic confidence was short lived as political instability, unpredictable business policies, huge government debt and bad governance constructed a further challenging business environment for companies to survive (Mamvura, 2015). But still to this day, the country's economy continues to deteriorate as the consumers, business and government have limited access to credit.

The tough economic climate also resulted in banks suffering huge non-performing loans (Makoni, 2011). For example, the troubled Reserve Bank has failed to act as the lender-of-last resort and companies are running into financing difficulties. According to the KPMG Zimbabwe Quarterly Report (2016:3), the Zimbabwean economy posted its worst performance in 2015 since the economic decline that ended in 2008. This was evident when two of the largest listed companies realised poor results. Delta Corporation part of South African Breweries (SAB) group had 20% decline in after tax profits, while OK Zimbabwe one of the country's largest retailer plunged 72% in earnings (Economic Intelligence Unit Report, 2015). Furthermore, about 4 600 companies were closed between 2011 and October 2014 with thousands losing their jobs (Index of Economy Freedom Zimbabwe, 2016:2). The Report blames this on limited consumer spending and general deterioration in the economy. The economic environment in Zimbabwe has been and still remains very unpredictable, if not unfavourable for any business to survive. An in-depth look into Mobile Company X Zimbabwe (MCXZ) will show this.

1.2.2 Mobile Company X Zimbabwe (MCXZ)

MCXZ was established in 2008 as one of the pioneers in the designing of information and communication technology (ICT) gadgets and applications. According to its founders, the MCXZ brand is poised to be the fastest brand growing in Zimbabwe with mobile phones ranging from entry level to the latest smartphones (Chikafa, 2014). The most distinct features on their mobile phones are that they are affordable and durable which meet the individual hardships in Zimbabwe and long lasting batteries for a country with electricity problems (MCXZ Annual Report, 2015:2; Chikafa, 2014). Currently, the company has branches in six

provinces in Zimbabwe namely Harare, Bulawayo, Masvingo, Gweru, Marondera and Chinhoyi and in three countries in the region namely Zambia, Tanzania and South Africa (MCXZ Annual Report, 2015:3). The company has benefited the country through job creation since it employs around 1500 people and also offers employment opportunities to supporting companies (Zimbabwe Independent, 2015; Zimbabwe Broadcasting Corporation classified, 2015). The examples of supporting companies are food supply companies, packaging manufacturers, and construction companies among others. Like all companies it contributes to the gross domestic product (GDP) through the payment of taxes.

Presently, the company is one of the leading providers of mobile phones and electronic solutions in Zimbabwe. It is among some of the promising emerging companies as evidenced by its winning of the prestigious award in 2015. The award was for an outstanding mature business in Africa and domestically it was also named the fastest growing company in the ICT sector (MCXZ Annual Report, 2015). Figure 1.1 below depicts how sales figures were increased at MCXZ as from 2013 to the 2015 financial years.

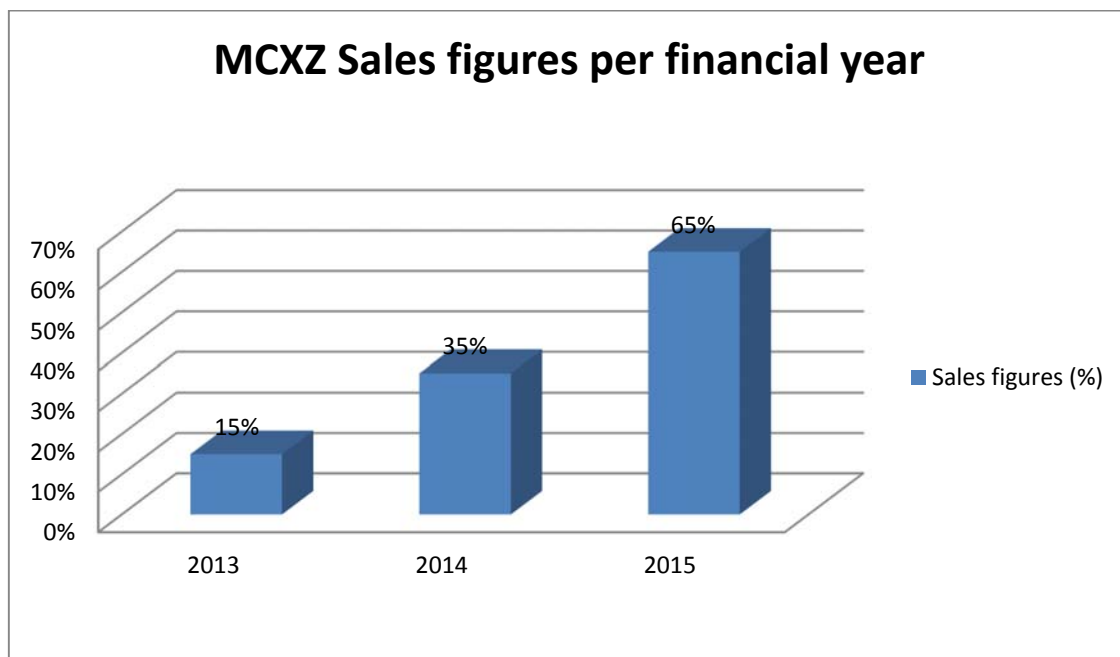


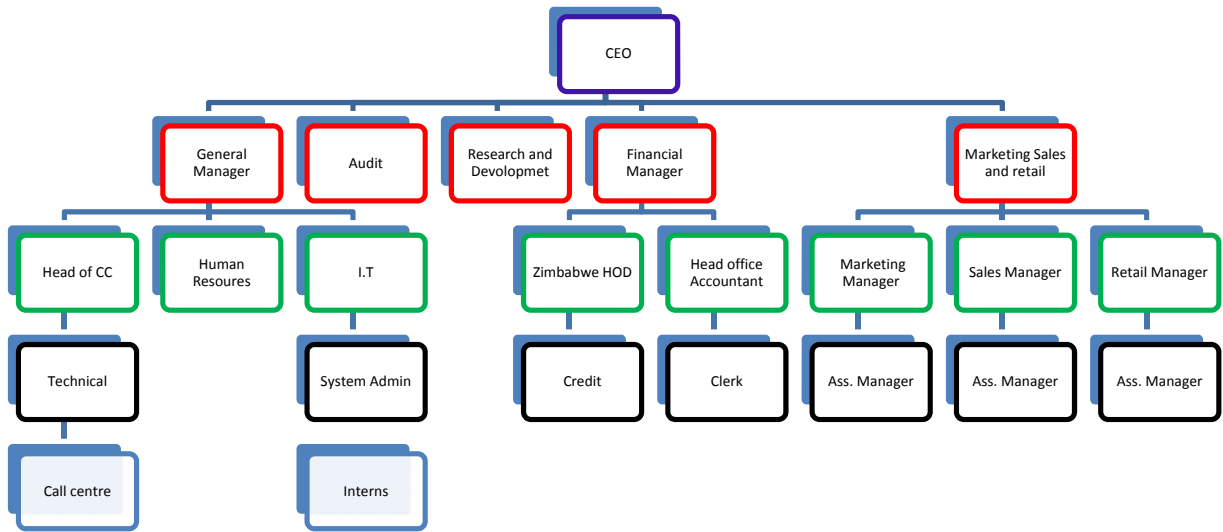
Figure 1.1: Sales figures per financial year

Source: Adapted from MCXZ Marketing and Sales Report (2015:3).

Figure 1.1 above shows that MCXZ has been expanding its sales base since 2013, considering that in year 2013 their sales figures were at 15% and rose to 65% in year 2015 despite the challenging economic environment. The Post and Telecommunications Regulatory board in Zimbabwe (POTRAZ) conducted a survey on the best-selling smartphones on the market and revealed that MCXZ brands are in third position competing with Samsung and Nokia (POTRAZ, 2015:15). Furthermore, MCXZ's production costs were significantly reduced due to the new government policy which permits duty free imports for all telecommunications equipment (MCXZ Annual Statement, 2015:5). In light of the discussion above, it is vital to understand MCXZ's organisational structure, mainly the roles played by top and middle managers.

1.2.2.1 MCXZ's organisational structure

Figure 1.2 below presents the MCXZ's organisational structure.



KEY

TOP MANAGEMENT

MIDDLE MANAGEMENT

Figure 1.2: MCXZ organisational structure

Source: Adapted from MCXZ Human Resources Report (2015:3).

Figure 1.2 explains MCXZ's organisational structure which follows the functional approach. The functional structure approach involves grouping tasks and units according to specialised areas such as marketing, human resources, and accounting just to mention a few. The top and middle management are the strategic group with middle managers reporting to the top management. Middle managers also manage their functions with the help of supervisors and supporting staff. Ehlers & Lazenby (2011:326) noted that control and decision making in functional structures are centralised. Figure 1.2 below presents the MCXZ's organisational structure.

1.3 PROBLEM STATEMENT

The most striking feature of MCXZ company is that it is expanding as showcased by its opening new branches in six provinces (MCXZ Annual Report, 2015; Financial Gazette, 2015) despite the fact that other companies both local and foreign owned are shutting down because of political, economic and hostile business environment (Robertson, 2014). This status quo is contradictory to prior research that shows that in an economically constrained business environment, emerging companies are most likely to face growth and survival challenges (Ekeledo & Bewayo, 2009; Price Waterhouse Coopers Report on South Africa Emerging Companies, 2015). This is because unlike well-established business organisations or companies which are more versatile and with other foreign operations, emerging business are more likely to be suffocated in the event of a harsh economic atmosphere (PWC Report, 2015). That being the case, a question emerges: How does MCXZ survive and continue to grow in an economically volatile environment like Zimbabwe?

Without any doubt, MCXZ faces considerable challenges considering the environment it is operating in. More significantly, the company is an ICT based business and it operates in an industry which is highly competitive and volatile. Its competitors range from well-established organisations such as Samsung, Huawei, Nokia, Tecno (Nigeria) and two local mobile companies (names not provided to protect the identity of MCXZ) who all compete for the local market in Zimbabwe (Chikafa, 2014). Whereas all these other companies import mobile phones that are ready-made into the country, MCXZ design their mobile phones locally and

only sends them to the manufacturer outside. Louw and Venter (2013) note for a business to be successful in a challenging economy, there should be an effective strategy implementation, and in the light of this discussion, the research problem of this study is to establish the business strategies employed by MCXZ in order to survive the challenging business environment in Zimbabwe. This scrutiny gives rise to the following research questions:

1.4 PRIMARY RESEARCH QUESTION

- What business strategies are being employed by MCXZ for it to survive in the challenging economy?

1.4.1 Secondary Research Questions

- What are the threats posed by the challenging economic climate to MCXZ?
- What is the effect of the business strategies employed by MCXZ?
- How do government policies affect the business strategies being employed by MCXZ?
- How has MCXZ managed to overcome the challenges posed by the Zimbabwean economy?

The purpose of this study will be achieved through the attainment of the following objectives:

1.5 PRIMARY RESEARCH OBJECTIVE

- To establish the business strategies employed by MCXZ for it to survive in a challenging economy.

1.5.1 Secondary Research Objective

- To determine the threats posed by the challenging economic climate to MCXZ.
- To explore the effects of business strategies employed by MCXZ.
- To examine how government policies affect the business strategies being employed by MCXZ.
- To establish how MCXZ has managed to overcome the challenges posed by the Zimbabwean business environment.

1.6 RESEARCH RATIONAL

Zimbabwe's business environment is fraught with challenges that make business survival extremely difficult and as such it calls for extraordinary strategies for businesses to survive. Organisations are faced with lack of financing, stiff competition from well-established organisations from outside the country, a shrinking market share and high rates of unemployment (Mamvura, 2015). However, in this challenging economy, companies like MCXZ are surviving and expanding. Therefore, the research seeks to investigate and examine the business strategies employed by MCXZ for them to survive in this challenging economy. As Porter (1996:60) argues, strategy is about being different and coming up with competitive strategy which entails deliberately choosing a different set of activities to deliver a unique mix of value. It is hoped that the research findings will enable businesses in similar challenging environments to learn and make a difference in their organisations.

1.7 A BRIEF OVERVIEW OF LITERATURE CONSULTED

Reviewed literature for purposes of this particular study covers three key thematic aspects of the study, that is, conceptual understanding of strategy; survival business strategies employed in a challenging economy; and the meltdown of the Zimbabwe economy.

1.7.1 Conceptual understanding of the term strategy

The definition of the term strategy posited by Louw & Venter (2013:534) presents strategy as the “direction and scope of an organisation over the long-term, which achieves advantages for the organisation through its configuration of resources within the changing environment and to fulfil stakeholder expectations”. Johnson, Whittington, Scholes, Angwin & Regner (2014:3) suggest that strategy is the scope and direction which the organisation chooses to adopt for the long term in order to achieve its predetermined goals. In simpler words strategy is taking necessary action in order to achieve long-term goals and objectives. Porter (1996:60) expands that strategy is about being different and coming up with competitive strategy which entails “deliberately choosing a different set of activities to deliver a unique mix of value”.

The proposed study will use Porter's definition of strategy as the aim is to establish strategies employed by MCXZ in the challenging Zimbabwean economy.

There are three levels of strategies namely corporate strategy, business strategy and functional strategy (Bonn & Fisher, 2011:9; Louw & Venter, 2013:19; Johnson *et al.*, 2014:7). The three levels of strategies are discussed below:

- Corporate level strategy, as presented by Bonn and Fisher (2011:9), is concerned with how the key organisational business adds value to other different business units. Furthermore, it is the duty of corporate level strategy to address the issues pertaining to sustainability such as building businesses that develop and promote durable products which are environmental friendly (Bonn & Fisher 2011:9).
- Business level strategy relates to how the organisation out-performs its competitors in each business area (Louw & Venter, 2013:528).
- Functional level strategy is for development and coordination of resources for business to function efficiently and effectively.

It is important for organisations to link corporate, business, and functional level strategies in order to underline the importance of integration in strategy and for successful strategy implementation (Johnson *et al.*, 2017:13). The study will focus on the corporate level strategies (corporate strategies) or grand strategies. The importance of corporate strategies is that they present organisational direction and road maps to be used in order to achieve strategic objectives (Louw & Venter, 2013:332). Corporate strategies therefore are suitable for this study because they provide organisational direction and choices for products and markets in a challenging economy (Louw & Venter, 2013:330). Corporate strategies also have a relationship with business and operational strategies in the organisation.

1.7.2. Survival strategies employed by businesses in challenging economies

It is vital to note that the term business strategies and survival business strategies will be used interchangeably in this study. According to Johnson *et al* (2017:209) & Ansoff (2013:3) business strategies are those strategies that permit the organisations to respond and react well

to changes in the macroeconomic environment and the industry's competitive conditions through combining corporate, grand and competitive strategies.

However, Louw & Venter (2013:179) state that for organisations to survive or to be salient in a challenging economy they have to adapt to change quickly while continuing to focus on their primary objectives. This is because identifying and analysing business risks can help alleviate unnecessary pressure on the business, thereby giving it an advantage. Maritz (2010) urges that strategists should incorporate substantial creativity and intuition in order to design a comprehensive survival strategy for the firm in a challenging economy. Furthermore, Mantare (2008:305) & Mamvura (2015:222) point out that in a challenging economy, leaders should have strategic thinking and sense-making, they should reflect, learn and change their organisation in accordance with the changes in the environment in pursuing their organizational objectives. In addition, organisational objectives can be achieved through taking into account fundamental key success factors in the challenging economy.

Mamvura (2015:222) states that the following key success factors are fundamental for survival business strategies for organisations operating in a challenging economy like Zimbabwe:

- Organisational agility
- Rapid decision making and execution
- High performance culture
- Decentralised or flat structure
- Ability to access the right information at the right time
- Flexible management of teams and right human resources

In short, it is fundamental for business leaders to design and implement business strategies that are responsive to the prevailing business and economic environment. These business strategies should be characterised by flexibility, quick decision making, productivity, team work and access to the right information and resources.

Survival business strategies employed in a challenging economy are always different because strategies that are successful for one firm might not work for another. A study done by Afande (2015) on the response to business turbulence by Kenyan commercial banks showed that

banks employed market differentiation, product development and product diversification for them to survive. In a related study done by Buys & Rooyen (2014) on the strategic management of construction companies in South Africa during recessionary cycles, it was revealed that for construction companies to survive during recessionary times there should employ diversification strategy. The researcher is of the view that the employment of market differentiation, product development, and diversification strategies plays a role in cushioning MCXZ business against the challenging economy through development of different market segments which enhance sales. However, it is important to note that unrelated diversification is risky for an emerging company in a challenging economy to pursue. Johnson *et al.* (2014:235) explains that unrelated diversification is too risky as the organisation would be expanding into unfamiliar and challenging economy.

The following survival business strategies will be discussed below: growth, market development, market penetration and strategic alliance strategy.

1.7.3 Growth strategy

Organisations in a challenging economy use corporate strategies aimed at growing the business or defending it. MCXZ is an emerging company, as such, its main focus is to grow the business. Jain, Singh, Gupta, Sharma, Bajaj & Sandhu (2011:3) state that it is vital for the organisations to broaden the scope of their business by focusing mainly on customer functions, customer group and alternative technologies to enhance its general performance for growth strategy to be attained. Growth strategies have two categories, namely; internal and external strategies. An internal growth strategy focuses on the internal growth of the organisation such as market penetration, market development, product development and innovation (Ehlers & Lazenby, 2011:201). While external growth strategies such as integration and diversification mainly focus on task and market environment (Ehlers & Lazenby, 2011:201). According to Johnson *et al.* (2014:230) & Louw & Venter (2013:336), organisations seek growth strategies for the following reasons:

- Expansion, to boost profitability and business valuation
- To improve their competitive positions

- Merging with other organisations to tap new markets or to expand their market reach
- Leveraging existing technologies into fresh markets, lowering costs

To achieve the above-mentioned benefits, an organisation should be in a position to exploit existing opportunities. Conversely, Louw & Venter (2013:337) warn that risks such as diluted general control of business and mismanagement, overcommitted of funds and other resources and expensive operational costs which may affect the potential benefits are the major challenges for pursuing growth strategy.

Growth strategies are very important to MCXZ as it is an emerging company and does not have anything to defend other than to focus on growth. Though operating in a challenging economy, the company needs to grow through expansion, and by boosting profitability and business valuation and by improving their competitive position (MCXZ Annual Report, 2015:5). The company also focuses on market development, concentrated growth or market penetration, and innovation.

1.7.3.1 Market development strategy

The market development strategy entails exploring new markets with the aim of meeting needs with current products (Ansoff, 2013:7; Louw & Venter, 2013:342). This strategy is an option in a situation where there are limited opportunities in the current market segments. The strategy will enable the organisation to exploit opportunities in new geographic markets and new demographic segments in order to increase market share in a challenging economy. The principal aim of the strategy is to create opportunities for the organisation to survive.

1.7.3.2 Market penetration strategy

Market penetration or concentrated growth is a strategy that “seeks to increase the market share of an organisation through intense marketing efforts” (Ehlers & Lazenby, 2011:201). The goal of this strategy is to concentrate on the company’s current products and services mainly within the organisation’s current range of products or services whilst working hard to attract customers from competitors. The strategy is vital in a challenging economy, though

Louw & Venter (2012:339) urge that market penetration can only be viable option when the market is growing. In the case of MCXZ, the low entry level products and services market is viable. As such for organisation to survive there is need to aggressively retain current customers and attract new customers in the same marketplace in order to increase their market share.

1.7.3.3 Innovation strategy

The innovation strategy is doing something new or different things and applying of new methods or the development of new products (Louw & Venter, 2013:531). According to Beyene, Shi & Wu (2016:126), the innovation strategy is considered a source of competitive advantage to organisations operating in challenging business environment. Copper & Edgett (2010:34) add that product development and continued growth even in difficult times can only be achieved through innovation strategy. It is evident that the innovation strategy is crucial for organisations operating in a challenging economy like Zimbabwe. According to Ehlers & Lazenby (2011:205), an innovation strategy can be successful if the following conditions exist:

- Customer demand differentiation
- The industry is characterised by rapid changes and advances in technology
- The organisation has research and development skills
- The organisational culture foster innovativeness.

Organisations have to meet the strategy innovation conditions set above in order to achieve their business overall goals (Cooper & Edgett 2010:35), even though they are operating in a challenging economy.

Louw & Venter (2013:293) state that bottom of the pyramid innovation (BOP) is more suitable in a challenging economy as it targets many poor people in the world. Appropriate products and services can be used to exploit the spending power of these people (Prahalad, 2005). The bottom of the pyramid innovation is relevant in this study as MCXZ is operating in a challenging economy where many people are faced with economic hardships and poverty in

general. As a result, MCXZ should produce mobile phones which can meet the personal needs of people faced with economic hardships and severe shortage of electricity in Zimbabwe. However, it is fundamental that products and services developed for BOP markets should be acceptable, affordable, available and known to customers in order to succeed (Anderson & Markides, 2007). In addition, Calantone, Garcia & Droge (2003) advise that for organisations to learn more and have a competitive advantage they should mainly focus on the external environment as a source of their innovation idea.

1.7.3.4 Strategic alliance strategy

The strategic alliance strategy is a growth strategy. It is commercial collaborations where organisations form partnerships in order to achieve shared goals for a defined period (Louw & Venter, 2013:349). For example, organisations share the costs, risks and benefits such as improving efficiency and gaining competitive advantage (Jain *et al.*, 2011:15). According to Ehlers & Lazenby (2011:211) in a challenging economy, the employment of the strategic alliance strategy is fundamental as it increases the competitive powers of organisations. This strategy is vital in this study as MCXZ is operating in a challenging economy which needs commercial collaborations for organisations to survive. Porter (2008) states that organisations can combine strategies. The key here is to achieve higher market share in the industry.

1.7.4 The challenging Zimbabwean economy

The economic or business environment is defined as a “sum of variables impacting on the competitive and ultimately the survival and growth of a firm” (Goldman, Maritz, Nienaber, Pretorius, Prilaid & Williams, 2010:2). The impacting variables in the economic environment include financial changes, interest rates changes, unemployment level changes, introduction of new technologies in the industries, and modified government regulations (Afande, 2015:2). The challenging economic environment has been described as having high levels of periodic changes that create unpredictability, uncertainty and dynamic conditions. These conditions have sharp discontinuities in demand and growth rates, temporary competitive advantages that are continually created or eroded and low barriers to entry or exit that always transform the competitive composition of the industry (Calantone *et al.*, 2003). The above definition does

not describe fully the Zimbabwean challenging economy as it has some unique variables such as political turmoil, economic meltdown and bad governance (Mamvura, 2015:84). In short, the Zimbabwean economy is fragmented, volatile, hostile, turbulent and challenging (Lynch, 2000:46) to do business in. In this study challenging economy is described as an economic environment characterised by rapid changes, hostile and volatile markets and generally turbulent due to uncertainty, economic meltdown, bad governance, corruption and lack of rule of law conducive for business (Mamvura, 2015:84; Afande, 2015; Lynch, 2012).

1.7.4.1 Economic Climate

Zimbabwe experienced economic meltdown for almost a decade up to year 2009 (UN Zimbabwe, 2013). The peak of this economic crisis was in 2007 and 2008. Inflation recorded insane levels of 231 million percent in July 2008. The national economy operated below 10 percent of its capacity by January 2009, and severe shortages of fuel, food and foreign currency were experienced throughout the nation (UN Zimbabwe, 2013; ZIMSTAT, 2013).

Zimbabwe has an estimate of 14 million people (ZIMSTAT, 2013) of which 80% are unemployed or self-employed and the government is now the main employer. According to Kumar, Stauverman & Shahzad (2016: 920), the country's GDP is drastically declining and the government spending is around 97% of GDP. The country has an adult literacy of approximately 90.7%, one of the highest in Africa (KPMG, 2015:1; Deloitte, 2013:4). The government is failing to repay its huge debt and does not have good standing to borrow money. The country is failing to maintain its infrastructure resulting in severe power shortages, poor roads and rail infrastructure and water shortages in some industrial areas (Sandada, 2015:20). Most companies backed their operations with generators in order to survive severe power outages but at a very high cost. For example, Econet Wireless the biggest mobile phone company in Zimbabwe invested 55 million dollars on installing diesel generators on all its businesses. It is now incurring an average of 7 million dollars per year in ongoing operating costs to run the diesel generators (The Herald Business, 2016; Econet Wireless Integrated Report, 2016:10). For that reason, many companies found it difficult to operate and survive in such economy.

The formation of the inclusive government and the introduction of a multi-currency system began to improve the Zimbabwean economy and socio-political environment in February 2009 (Reserve Bank of Zimbabwe (RBZ), 2009:38). The country is currently using a multi-currency system called dollarisation. With dollarisation, the country is mainly using United States dollar but also accepts other currencies such as the pound, Botswana pula, South African rand, and Chinese currency among others. According to June 2012 statistics published by the Reserve Bank of Zimbabwe, monthly price increases stabilised to 0.2% and year on year price increases averaged 3.97% (RBZ, 2012). The use of multi-currency had a positive impact on the challenging economy as the inflation rate became very low (Robertson, 2014; Richardson, 2013:16). In 2015, the general price level in the economy remained low, with year on year inflation opening the year at -1.3%, and reaching -3.3% by October 2015 (National Budget, 2016:66). Still on the same matter, the Minister of Finance (National Budget, 2016) explained that the inflation deceleration reflects price correction, weak aggregate demand, tight liquidity and depreciation of the rand against the United States dollar. This is evident in the inflation diagram Figure 1.3 below:

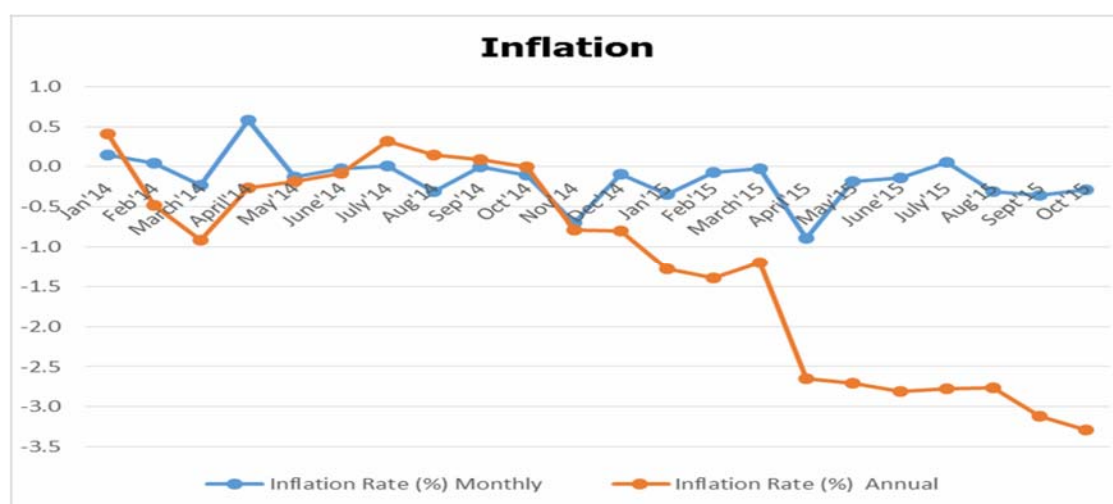


Figure 1.3: Zimbabwe inflation rate for 2015

Source: Zimbabwe National Budget for 2016

Mafudza, Jengeta & Hove (2013:25) affirm that the utilisation of a multi-currency system resulted in economic growth in Zimbabwe as industries started to operate and shortage of

commodities was over. However, credit creation that was required to stimulate demand and revitalise the economy remained limited, as most entities failed to recapitalise and restore their operating capacity.

According to the National Budget (2010) lack of modern technology in most industries has resulted in most companies operating at an average 30% capacity, limiting global competitiveness. The National Budget (2016:96) identified high operational costs, inefficiencies in the goods, labour and financial markets, slow take-up of new technologies, high tax rates, infrastructure deficiency and multiplicity of business licences and levies as key contributory factors which made Zimbabwe less attractive to investors. Furthermore, the Index of Freedom Zimbabwe (2016:1) stated that the country is failing to attract direct foreign investment due to corruption, government mismanagement, political and regulatory instability such as Indigenisation Act (EY Africa Attractiveness Survey, 2015). According to Section 3 (1) (a) of the Indigenisation and Economic Empowerment Act: Chapter 14:33 (2008:9 March) “The Government shall, through this Act or regulations or other measures under this Act or any other law, endeavour to secure that: At least fifty-one per centum (51%) of the shares of every public company and any other business shall be owned by indigenous Zimbabweans” (Indigenisation and Economic Empowerment Act, Chapter 14:33: 3-4; Noko, 2011:358). The government’s unplanned and violent land reform program and indigenisation policies have badly damaged commercial farming and mining respectively (Makoni, 2011:440). These two sectors were the anchor of the Zimbabwean economy.

In a bid to revive farming and mining sector the government introduced many policies which however did not yield any significant results. Instead these policies created a great opportunity for corruption and mismanagement of public funds and resources. Declining commodity prices, depreciating currencies and increasing financial markets volatility in the global outlook and drought further worsened the farming and mining sectors in the country. Non-performance in the farming and mining sectors impacted adversely on the general economy of the country. As a result, many companies struggled and closed down their operations and many others continue to do so.

The Zimbabwe economy failed to sustain the economic growth influenced by the use of the dollar resulting in stable inflation due to severe shortage of cash and foreign currency. That means bank clients failed to access their money from banks, resulting in loss of confidence in the banking industry (Mamvura, 2015:74). Consequently, some of the companies and individuals started selling cash outside the banking sector leading to the fall of the banking sector as they lost much business. This problem emanated from severe externalisation of funds by politicians, banks, companies and some individuals in the system. Robertson (2014:3) describes externalisation of funds as the telegraphical transfer of foreign currency to offshore accounts or to other countries. This was due to corruption, lack of governance and monitoring systems in the financial services sector by the Zimbabwe central bank. Shortages of cash and foreign currency severely constrained business activities and consumers at large. Robertson (2014) stated that government and companies are failing to pay salaries on time, settle debts to banks and remit pension funds, pay insurance companies and medical aid funds on time. The shortage of cash caused a sharp decline on government revenues through unpaid taxes and also caused further payments delaying to private sector suppliers.

As the financial crisis in the challenging economy intensified, it caused banks to suffer major losses emanating from poor performing loans (Makoni, 2011). On the other hand, companies were running into financial difficulties as they failed to access financial funding from troubled banks. The only option left for the country and businesses is to access credit lines from international markets, of which Zimbabwe is perceived as high risk and bad debtor (Richardson, 2013; Malaba, 2014). On the home front, the Minister of Finance (National Budget, 2016:23) said “the country will be accessing credit lines at high interest rates which negatively impacted on the cost of Doing Business Survey in Zimbabwe leading to many companies shutting down or scaling down”.

About 4 600 companies were closed between 2011 and October 2014 with thousands losing their jobs (Index of Economy Freedom Zimbabwe, 2016:2) due to high competition from substandard imports, lack of financial credit lines, high operational cost, insufficient infrastructure and using wrong strategies by some companies (Zimbabwe Confederation of Industries (ZCI), 2015). They further reported that numerous companies heavily downsized and are operating on far less operating scale. For example, some big companies in the

Midlands region such as Zisco Steel, Lancashire Steel, Zimcast, Zimgalss, David Whitehead and Mike Apple closed down (ZCI, 2015). The National Social Security Authority Zimbabwe (2016:6) pointed out that closing down of companies increased the high rate of unemployment, thus, adding to the shrinking Zimbabwean market which was already affected by very low disposable income due to severe economic hardships. For that reason, many consumers preferred and continue to buy cheap imports from China, South Africa, Asia, Zambia and Tanzania. Many companies failed to survive and closed or downsize their operations. The above-mentioned factors and more have had a direct impact on business, though it is important to state that in 2017 there was a new dispensation after President Mugabe was ousted from office and a new government took over. The new government which aims to revitalise the economic and business sectors has started working on revising this Indigenisation Policy in order to open Zimbabwe once again to investors.

Additionally, even though many companies struggled and closed down, a few remained and succeeded in this harsh economic environment. ZCI (2015) commended these companies that continued to perform well despite the challenging economy and stated that their success could be due to the implementation of business strategies which fit with the challenges in the economy. It is important to understand which business strategies these companies employed in challenging economy for them to be successful.

Doing Business in the Zimbabwean economy needs extraordinary strategies for organisations to survive or achieve above average returns. According to Louw & Venter (2013:326) organisational growth in such a challenging economy results in reduction of logical competition, an increasing need for information, innovation and faster cycles of development coupled with difficulty in anticipating customer requirements. Johnson et al (2014:33) reveals that the changes in the micro-environment are of extreme importance to the organisations as these changes can influence market expansion or contraction, determine the competition level in the industry and even lead to the creation of new industries or demise of existing industries. Organisations in the challenging economy should focus more on survival business strategies and key success factors in order to survive or succeed. Furthermore, Johnson et al (2017:86) & Lynch et al (2012:146) advise that key success factors in challenging economies are

organisational agility, innovation, cost, and consumer centricity. Survival of organisations is mostly dependent on their capacity to respond and adapt to the economic challenges.

Having reviewed related literature to the study, the next section focuses on Strategy-As-Practice as a theoretical framework.

1.7.5 THEORETICAL FRAMEWORK.

Since the focus of this study is on survival business strategies, this study utilises strategy-as-practice theory as its framework. Insights from the theory posit that strategy is a socially accomplished activity, while strategising means the doing of strategy, and comprises all actions and negotiations between different actors as well as the practices they use in accomplishing the strategic activities (Jarzabkowski, Balogun & Seidl, 2007:78). Jarzabkowski (2004:529) further notes that strategy is something people do and strategy-as-practice is an effort to humanise research on management and organisations. The three elements of strategy-as-practice are practices (methods of strategy-making), praxis (how strategy work takes place) and practitioners (the role and identities of the actors). The power of the strategy-as-practice perspective lies in its ability to explain how strategy-making is enabled and constrained by prevailing organisational and societal practices (Vaara & Whittington, 2012:285). Furthermore, this perspective allows researchers to investigate how background elements shape knowledge and how competence is built around a contingent logic of action. The strategy-as-practice perspective contributes to the dynamic capabilities of organisations by understanding *how* and *why* strategy is *done* (practiced) and by *whom* (Jarzabkowski & Spee, 2009).

Having discussed strategy-as-practice as the theoretical framework of the research study, the next section focuses on the research design of the study.

1.8 RESEARCH DESIGN

Aaker, Kumar, Day & Leone (2011:70) define research as a “blueprint that is employed in order to direct the research towards achieving its objectives”. Zikmund & Babin (2010:64)

argue that research design is a “master plan that provides a framework for data collection and analysis”. This section provides details of the research philosophy, research approach and methodological approach to be used in this study. Research strategies, data collection, and data analysis, suitable for this study are also to be explained in detail.

1.8.1 Research philosophy

The research is conducted within the interpretivist research paradigm. Interpretivism is an epistemology that advocates the necessity to understand the differences between humans in their role as social actors (Saunders, Lewis & Thornhill, 2012:132). Epistemology was further described as constituting acceptable knowledge in the field. The goal is to rely as much as possible on the participants’ views of the situation being studied (Creswell, 2014:37). With this goal in mind the research questions of this study are simple and understandable so that participants will construct a meaningful discussion on the survival strategies employed by MCXZ in a challenging economy. The purpose of using interpretivism philosophy in this study is that it focuses upon the details of the situation and reality behind these details (Saunders *et al.*, 2012:140). Consequently, this study wants to understand in depth the survival strategies employed by MCXZ in a challenging Zimbabwean economy.

1.8.2 Research approaches

There are three research approaches namely; deductive, inductive, and adductive (Saunders *et al.*, 2012:144). For the purposes of this study the deductive approach will be adopted. According to Saunders *et al.* (2012:146) a deductive approach is used when using literature and existing findings to test it through observation. The rationale for using deductive approach is time constraints as the approach is narrow and investigates specific areas of the study (Bryman & Bell, 2003). The deductive approach will enable the researcher to determine the survival business strategies employed by MCXZ through face to face semi-structured interviews with both top and middle managers in order to generate new insights on how the organisation is managing in the challenging economic environment.

1.8.3 Methodological approach

The interpretive research philosophy alludes to the application of qualitative research approaches in studying a problem, which is appropriate for the purpose of the inquiry to be conducted. In addition, qualitative research “is flexible, powerful and an appropriate way to explore academic questions rigorously, when additional context is needed to explain phenomena missed by quantitative research” (Salkind, 2014:300). This study will use qualitative research because it focuses on qualities or characteristics that cannot easily be reduced to numerical values. For that reason, the purpose of the study is to examine the business strategies employed by MCXZ for them to survive in a challenging economy. In support of this position, Pellisier (2008:7) argues that qualitative research focuses on “soft data, which is collected through probing and understanding of respondents’ attitudes, motivations and behaviour”.

In terms of its nature, this research design is an exploratory study. According to Saunders (2012:171) the importance of an exploratory study lies in that it searches for present experiences through asking questions, seeking new insights and assesses phenomena in new light. In addition, exploratory studies are particularly flexible and adaptable as these characteristics are very helpful if you wish to clarify and understand a problem (Saunders *et al.*, 2012:171). The use of exploratory studies will improve the understanding of the problem and objectives of this research. This will help to understand how MCXZ is managing in the challenging business environment.

1.8.4 Research strategy

A case-based approach involving MCXZ as a model of a surviving organisation will be used. The purpose of this in-depth study is to examine the issue under investigation in its natural context (Babbie, 2010). Yin (2009) states five reasons for selecting a single case study namely: critical, unique, typical, revelatory and longitudinal. In this study a unique case will be used. Furthermore, Yin (2009:148) urges that the objective of the unique case is to “document the precise nature of a phenomenon not well understood”. For example, MCXZ is a unique case of an emerging company which survived the challenging Zimbabwean economy while most

companies including the so-called well-established were closing down or scaling down their operations due to challenging economic climate. The rationale for using a case study is that it affords the investigators the opportunity to establish the underlying meaning of real-life events such as individual life cycles, small group behaviour, organisational and managerial processes and so on (Yin, 2009:4). The researcher will use interviews and literature such as books, articles, and company and industry documents to produce qualitative data and achieve triangulation of findings.

Triangulation of findings can only be attained if the researcher employs primary and secondary data sources within one study. Maxwell (2008:236) argues that triangulation affords the researcher a better understanding of the judgment of validity and generality of the explanation that has been developed. Furthermore, the utilisation of triangulation in a single case enhances the quality and validity of findings as the use of multiple sources help to facilitate a deeper understanding of the case. In addition, it enables the researcher to produce bias free data and increase the rate of certainty of the research findings.

1.8.5 DATA COLLECTION

Data collection is the process of “gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes” (Salkind, 2014:223). The data collection part of research is found in many fields of study such as humanities, business, physical and social sciences and many more. Though methods differ by discipline, accurate and honest collection remains the same. Sampling and semi-structured interviews will be discussed below as data collection methods.

1.8.5.1 Sampling

The population of study was all employees of MCXZ while, the unit of analysis was only top and middle managers of MCXZ at the Harare head office. MCXZ has the population size of five top managers and eight middle managers and all thirteen was used in the study. The chosen sampling frame was preferred given the qualitative nature of the study where the researcher aimed to develop an initial understanding of survival business strategies employed

by MCXZ in a challenging economy through exploring the views of both top and middle managers. In addition, the number of participants in the sample was based on the guidelines provided by Saunders (2015) which state that for a homogenous group, twelve in-depth interviews should suffice. In addition, Guest, Bunce & Johnson (2006:18) found that “saturation occurred within the first twelve interviews”. In contrast, Yin (2010:88) argues that in qualitative research “there is no formula for defining the desired number of participants”. However, participants were selected in terms of the knowledge they have on the problem under investigation.

In this research, a purposive sampling was used. Purposive sampling affords the researcher to select cases or participants that would be best, enable one to answer the research questions in detail and to meet the research objectives (Saunders *et al.*, 2012:283). Consequently, top managers and middle managers are the most appropriate sample to meet the research objective of this study as both top and middle managers are involved in the strategic planning, implementation and evaluation of business strategies in the organisation.

1.8.5.2 Semi-structured interviews

The study utilised semi-structured interviews. Saunders *et al.* (2016:413) states that in qualitative research, the use of semi-structured and in-depth interviews enhances the “conduct of exploratory discussions to reveal and understand not only the ‘what’ and ‘how’ but also to place more emphasis on exploring the ‘why’” (Salkind, 2014:271). Semi-structured interviews will be used in this research to interview top and middle managers. The use of semi-structured interviews provides helpful opportunity to attain first-hand information and knowledge of people’s perceptions and feelings which might be difficult to come by (Salkind, 2014: 271). Getting information from top and middle managers can be very difficult especially if the matter involves company strategies in a highly competitive industry. Nevertheless, using semi-structured interviews enabled them to relax and led the discussion into detailed information significant to the research problem and objectives.

1.8.6 DATA ANALYSIS

The primary purpose of data analysis is to make sense of the interpretation of data through extracting meaning by taking words, sentences and paragraphs apart (Henning et al, 2004:127). This research is qualitative in nature and semi-structured interviews and secondary data were used to obtain detailed data from thirteen top and middle managers at MCXZ.

Qualitative coding system and Atlas.ti software were used in this study. The researcher was trained in both Atlas.ti software and how to transcribe data at the University of South Africa (UNISA). According to Saunders et al (2012:361) Atlas.ti helps the user to “locate and annotate findings in primary data material, to weigh and evaluate their importance and to visualise the often complex relations between them”. Salkind (2014:227) & Saldana (2013:3) describe coding as a vital connection between data collection and the explanation of its meaning. According to Saldana (2013:4) coding which “involves summarising, distilling and condensing data is essentially an interpretive act and very good with secondary data”. Furthermore, Saldana (2013:5) emphasises that the aim of coding is to discover the recurring patterns. In addition, Salkind (2014:227) notes the rule for coding data is to ensure the use of clear and uncluttered codes in order not to lose the true meaning of data.

Firstly, the researcher carefully reviewed, transcribed and highlighted all text that appeared, in order to describe the strategies employed by MCXZ in a challenging economy. Then the highlighted texts were coded using predetermined categories. Text that could not be coded into one of these categories were coded with another label that captures their strategic decisions. Finally, the researcher compared the extent to which data were supportive of the theory or not (Hsieh & Shannon, 2005:1282). The fundamental aspect is to determine how the information obtained in the study validates existing theory or contribute new perspectives to our understanding of strategies employed, the challenging economic environment, and overall business growth in the challenging Zimbabwean economy.

1.8.7 TRUSTWORTHINESS OF QUALITATIVE RESEARCH

Cassell, Bishop, Symon, Johnson & Buehring (2009:515) reveal that in qualitative research the meaning of high quality qualitative research has no conventional definition. Rather, there

are different criteria to measure trustworthiness of qualitative research such as credibility, transferability, dependability and confirmability (Lincoln & Guba, 1985:128-129). These four are discussed below:

- Credibility (internal validity) focuses on establishing a relationship between the constructed realities of respondents and those realities represented by the researcher. However, this challenge can only be overcome by the use of member checking (Creswell, 2009:191). Member checking is a process whereby the “final report or specific descriptions or themes are taken back to the participants to offer them an opportunity to provide context and an alternative interpretation” (Yin, 2011:79).
- Transferability (external validity) depends on the “degree to which the findings of the study can be applied to other situations” (Merriam, 1998). However, Lincoln & Guba (1985:128) suggest that it is the investigator’s responsibility to make sure that sufficient contextual information about the fieldwork is provided to allow the reader to make such a transfer. This research study will be described in detail so that any future researcher will follow.
- Dependability (reliability) is concerned with how stable the results will be over time. This can be achieved through the use of audit trail or external audit (Creswell, 2014:252). As audit trail affords any observer to outline all the steps of the research via the decisions made and procedures described. This study cannot be generalised as it only focuses on one organisation in a specific field.
- Confirmability –In an objective study, information should not be biased therefore no claims should be made that cannot be supported by relevant data.

1.8.8 ETHICAL IMPLICATIONS

Saunders *et al.* (2012:226) explains that in the context of research, ethics refer to “the standards of behaviour that guide your conduct in relation to the rights of those who become the subjects of your work or are affected by it”. For that reason, the researcher was granted permission by MCXZ (Appendix C) to carry out this research. In this study ethical standards were adhered to throughout the research process as discussed below:

- Informed consent generally provides sufficient information and assurances about participation rights and use of data (Saunders *et al.*, 2012:238). In this study, informed consent forms were given to all participants therein it was explained that participation is voluntary and they have the opportunity to withdraw from the research at any time. The information that was contained in the consent forms included:
 - the aim of the research
 - duration of the research
 - procedures to be expected
 - privacy and confidentiality matters
 - the right to decline to participate or withdraw from the study.
 - anonymity
 - protection from harm
- All the listed aspects were respected and adhered to during the data collection process and the write-up of this research. Anonymity is critical aspect in this considering that it deals with human participants, specifically, top and middle managers who can be easily identified in the organisation. The researcher ensured that all identifying characteristics such as names, position or occupation, home address and ethnic background were protected. Pseudo-names and numbers were used to identify participants. Furthermore, the participant's data that was collected during the interviews will remain anonymous and it was processed to make it non-attributable (Saunders *et al.*, 2012:231).
- Avoidance of harm – In this study harm can be emotional wellbeing, stress or discomfort. This was mitigated through adhering to the parameters of the informed consent and by also ensuring that questions are simple and few.
- Protection of collected data – data was kept in a restricted and lockable place in the researcher's office until data analysis was done. Furthermore, the researcher did not use actual names of the participants but pseudo-names and numbers.

The study was guided by the research policy and guidelines set by the UNISA ethics committee (UNISA Research Ethics Policy, 2012) throughout the research.

1.9 Assumptions, delimitations and limitations

1.9.1 Assumptions

According to Leedy & Ormrod (2010:62) “assumptions are so basic that without them the research problem itself could not exist”. The general assumption for this study is that MCXZ is surviving the challenging economy mainly because of good and sound business strategies they are employing.

1.9.2 Delimitations

The study will only focus on MCXZ’s top and middle managers to establish strategies they employ in a challenging economy. No other companies or individuals in the same challenging economic environment will be involved in the study. For that reason, generalisation of findings of this study to other organisations is not possible.

1.9.3 Limitations

Using a qualitative research approach is time-consuming and labour intensive especially on the production and processing of data. As such, the study will use the software program Atlas.ti to help manage data and enhance the efficiency and quality of the data analysis.

1.10 CHAPTER OUTLINE

The following section gives an outline of the chapter breakdown.

Chapter one: Introduction to the study

The chapter serves as an introduction to the study. It outlines the background of the study, the purpose of the study, rationale for the study, problem statement, objectives and questions of the study. It also includes a brief literature review, theoretical framework, research methodology, and ethical implications as well as the assumptions, limitations and delimitations of the study.

Chapter two: Literature review

This chapter focuses on reviewing the literature pertaining to the following areas:

- Strategy as practice perspective
- Overview of Mobile phones industry
- Driving factor influencing strategic choice
- Key success factors for surviving in the challenging economy
- Business strategies employed in the challenging economy
- The economic climate of Zimbabwe

Chapter three: Research methodology

The detailed methodology used in this study is described in this chapter. The chapter focuses on the research design, research strategies and methodology.

Chapter four: Research findings

The chapter presents the findings of the study and the analysed data.

Chapter five: Conclusion and recommendations

Chapter Two

THEORETICAL FRAMEWORK AND LITERATURE REVIEW

2.1 INTRODUCTION

This chapter covers the theoretical framework of this study, the overview of the mobile phone industry in Zimbabwe, strategic choice drivers and business strategies employed in a challenging economy. The aim is to provide a substantial foundation on the strategy-as-practice perspective, operating context and to explore in detail the literature pertaining to the main theories of the study. Some of the key issues to be covered are as follows:

- Strategy-as-practice perspective
- Overview of mobile phone industry
- Factors influencing strategic choice
- Key success factors of the industry
- Business strategies employed by organisations in the challenging economy

2.1.1 STRATEGY-AS-PRACTICE (S-as-P)

The business environment of 21st century has forced researchers to investigate the nature of strategising to discover how an organisation should adapt, align and change its essence to emerge successfully from dynamic external environment (Stander & Pretorius, 2016:1). This has resulted in the development of this new approach to strategy namely strategy-as-practice (Whittington, 2007:1577; Dameron, Le & LeBaron, 2015). From the strategy-as-practice framework, strategy is conceptualised as a socially accomplished activity, constructed through the actions, interactions and negotiations of multiple actors and situated prices upon which they draw (Jarzabkowski, Balogun & Seidl, 2007:78). The definition regards strategy as something all people in the organisations do, while strategising entails the doing of strategy and all activities that are important in reaching the strategic goals of the organisation. The problem with such a definition is that it encompasses all types of social activity, to the extent that it is difficult to determine what activity is not strategic. However, Johnson *et al.* (2017:500) define strategic activities as those that are undertaken in order to reach strategic

goals and directions, business survival or maintain competitive advantage for the organisation. According to Stander & Pretorius (2016:1); Dameron et al (2015) the essence of strategy as practice is to connect the theory of strategy with the practice of strategy. In addition, Vaara & Whittington (2012:285) state that the power of the strategy as practice perspective lies in its ability to explain how strategy-making is enabled and constrained by prevailing organisational and societal practices. In this regard, Jarzabkowski (2004:529) adds that strategy-as-practice's effort is to humanise research on management and organisation and the scholar views strategy as something people do not the organisations. There are three vital elements of strategy-as-practice namely; practice, praxis and practitioners and these are explained in the next section.

2.1.2 Elements of strategy-as-practice concept

The appreciation of the social nature of strategy has led the strategy-as-practice perspective researchers to define broad research parameters to study three concepts of strategy, namely the role and identity of the players (strategists or strategy practitioners) involved, the tools and methods of strategising (practices) and how strategy work takes place (praxis) (Carter, 2014; Jarzabkowski & Spee, 2009; Whittington, 2014). Social practice theory links these concepts as interrelated parts of a whole. The three elements are discussed below.

2.1.2.1 Practitioners

As mentioned, the strategy as practice perspective examines strategy as something people do (Jarzabkowski & Spee, 2009). Practitioners within the strategy-as-practice perspective are defined as the people who do the work of strategy and these include managers at multiple levels of the organisation as well as influential external actors such as consultants, analysts and regulators. While previous research focused on top managers, research within the strategy as practice perspective has also extended the focus beyond top management to middle managers in strategy and includes how their roles and identities of practitioners are constructed through their practices (Vaara & Whittington, 2012). Practitioners are interrelated with practices and praxis. Johnson *et al.* (2017) advises that strategic practitioners need to have important qualities such as mastery of analytical concepts and techniques, social and

influencing skills and group acceptance of the practitioner as a player in strategic decisions in order to contribute effectively to strategy.

2.1.2.2 Practices

The concept practices in the context of the strategy-as-practice perspective refer to the strategising methodologies that strategy practitioners use to carry out their strategies (Johnson *et al.*, 2017). This involves the combined day-to-day routines of strategising, including norms and procedures for thinking, acting and using stuff, such as strategy tools during strategizing (Jarzabkowski & Kaplan, 2015; Pretorius, 2013; Whittington, 2014). These include, but are not limited to:

- Strategy models that are used in everyday strategy jargon, such as a SWOT analysis, the five forces model and the Boston Consulting Group (BCG) growth matrix.
- The material artefacts and technology, such as power point presentations and flipcharts, used in performing the action of strategising.
- The background knowledge of the specific practitioner.

According to Jarzabkowski & Spee (2009:7) & Stander & Pretorius (2016:3) the use of these practices is essential to the doing of strategy and is also known as the cognitive, behavioural, procedural and physical resources that practitioners use to interact with organisational actors in order to accomplish the social activity of strategy.

2.1.2.3 Praxis

Praxis comprises the interconnection between the actions of different dispersed individuals and groups and those socially, politically and economically embedded institutions within which practitioners act and to which they contribute (Whittington, 2014). In everyday strategy terms, praxis refers to the work that comprises strategy as illustrated by the flow of activities such as meeting, consulting, talking, calculating, writing, presenting, communicating, form filling and other related activities that are employed to constitute strategies (Jarzabkowski & Whittington, 2008). Furthermore, Johnson *et al.* (2017:500) depict praxis as strategising activities that strategists carry out in their strategy making such as selling of strategic issues,

the realities of strategic decision making and critical task of communicating strategic decisions throughout the organisation and to external stakeholders. In a nutshell, praxis takes a micro activity-based view of strategy (Splitter & Seidl, 2011) that involves all the various activities in the formulation and implementation of strategy (Pretorius, 2013). In this sense, strategy praxis is the strategy work within an organisation.

2.1.3 The concept of strategising

As discussed above, strategizing entails the doing of strategy and all activities that are important in reaching the strategic goals of an organisation and are considered as strategic activities. The strategic activities are employed in order to achieve strategic growth, survival or to maintain competitive advantage for organisations in challenging economy (Stander & Pretorius, 2016:1). It is clear that strategising includes strategy making and implementation and this is where risks, expectations and alignment between goals and actions are examined and contemplated (Le & Jarzabkowski, 2014). Strategising is a process of continuous improvement and strategists should continue doing the process until they achieve three basic objectives of strategy making. These three basic objectives are:

- To maximise the effectiveness of a recommended solution
- To maximise the likelihood of its implementation
- To maximise the effectiveness of resources used in the planning and design effort

Porter (1980) states that a comprehensive and exhaustive analysis of strength and weaknesses, the environment, organisational goals and alternative courses of action should be carried out and a plan to achieve these goals should be developed. Johnson *et al.* (2017:500) explains that strategists are the key players in driving both the strategising activity and strategic methodologies, hence their choices and skills with regard to activity and methodologies can make a real difference to final outcome.

According to Jarratt & Stiles (2010) strategising has been presented through two competing models, namely the deliberate strategy model and the emergent strategy model. Johnson *et al.* (2017:500) reveal that deliberate strategies are formal, process-based, structured and rational.

Deliberate strategies involve imposed strategy making and implementation which are realised as intended (Neugebauer, Figge & Hahn, 2014). Emergent strategies are patterns or consistencies realised without the clear intent associated with deliberate strategies (Neugebauer *et al.*, 2014). Here strategising is considered a tool to manage environmental turbulence (Johnson *et al.*, 2017:500). When considering the various degrees of uncertainty in environments, the appropriate balance between control (deliberate strategies) and adaptation (emergent strategies) should be determined in order to bridge the gap between resources to be employed (means) and strategy outcomes (ends) (Neugebauer *et al.*, 2014). Mintzberg (1991:465) concludes that strategising will go nowhere without emergent learning in conjunction with deliberate planning. Johnson *et al.* (2017:501) therefore urges organisations operating in the challenging economy to consider quick adaption (emergent strategies) and improvising their business strategies in order to achieve growth and survival. This will require a degree of creativity and intuition, an ability to improvise through organisational learning and strategic renewal.

2.3 OVERVIEW OF MOBILE PHONE INDUSTRY

Zimbabwe introduced mobile telephones in 1997, with one service provider backed by the government. Then in year 2005 there was liberalisation of the telecommunications, postal and courier services sector through the Postal and Telecommunication Act (Chapter 12:05), Act No 4 of 2000 (then amended in 2015) which enabled the creation of mobile telecommunications (mobile telecom) industry (POTRAZ, 2016). Due to liberalisation of mobile telecommunications in 2005, the sector witnessed the entry of a number of players. Currently the mobile phone industry is dominated by three major mobile telecommunications service providers namely Econet Wireless, Netone and Telecel. According to POTRAZ, (2017:14) Econet is the largest telecommunication network provider and it owns around 80% of mobile and internet infrastructure in Zimbabwe. In addition, POTRAZ (2017:10) shows that the mobile subscription rate was at 90% in year 2017.

As from year 2008, these major mobile telecom networks were selling handsets through contracts payment and only Nokia and Motorola handsets were in the market. Nokia handsets were for premium customers and Motorola were designed for the low-end users.

After the introduction of the multi-currency system in year 2009 in Zimbabwe, that is the abandoning of Zimbabwe dollar due to high inflation and the adoption of American dollar and other foreign currencies, the mobile industry was penetrated by many local and international companies selling mobile phones. The local indigenous companies design and assemble their mobile handsets and only send them to China for manufacturing. The three local mobile manufacturers are not going to be identified in this study due to the sensitivity of trade information and competition within the industry. Mobile handsets brands like Samsung, Nokia, and Tecno are sold in the industry through mobile phone distributors outlets, whereas, Huawei Mobile, opened a company in Zimbabwe to sell and promote its mobile handsets and accessories. All these mobile handsets are manufactured in China and shipped into the country. Hence all local and international competitors work hard to maintain their own share of the total market leading to high competitive pressure.

The industry achieved a tremendous growth and telecommunication industry contributed (13.8%) nominal GDP as of end 2011, far higher than manufacturing industry (Policy Report, 2015:7) and also created employment. Another boost to the fast-growing industry was the introduction of free import duty for all ICT products by government (Zimbabwe Budget, 2010) as a move to enhance ICT penetration in the industry and economy. This initiative by government was to reduce the digital divide between rural and urban consumers in the economy. Local mobile companies benefitted a lot as they rely on imported mobile components and accessories from China. Local companies therefore started to produce premium mobile handsets and low-end users products at competitive prices in the industry.

The mobile phone industry in Zimbabwe is characterised by high competition, technological changes and a shrinking consumer base (due to unemployment and general hardships. In addition, limited access to credit and shortage of foreign currency hamper local mobile companies' competitiveness (Policy Report Zimbabwe, 2015). In year 2014 the government scrapped the free import duty taxes on ICT products and that was a major blow for local mobile companies who heavily rely on imported raw materials and production of their mobile phones in China. These variables increased their production costs in an industry where price is the core differentiator. The mobile industry is also faced with stiff competition from vendors

who are selling imitations handsets on the black market that are smuggled into the country through porous border posts. The prevailing economic conditions in Zimbabwe which have eroded disposable income for the majority of consumers have made it easier for these illegal phones to find a market. Robertson (2014) asserts that a Zimbabwean consumer is always on the lookout for a bargain and if they can get a smartphone cheaper on the black market the better.

The main consumers in the mobile industry are civil servants because they have guaranteed salaries every month. Companies in the industry are relying on selling their products on credit and stop orders due to cash shortages. Despite all these challenges in the mobile phones industry, the local mobile companies are growing and surviving. This is evidenced by Mobile Company X Zimbabwe (MCXZ) as it was named fast growing emerging company in the industry (MCXZ Annual Report, 2016).

The industry has a lot of potential but organisations need to have the capacity to adapt quickly to the changes posed by the challenging economy and to thrive to meet consumer expectations (Robertson, 2014).

2.4 FACTORS INFLUENCING STRATEGIC CHOICE

The challenging economy presents organisations with volatility and unpredictable characteristics which make strategic choice very difficult. As such, the strategic choice of business strategies is dependent on organisations understanding the challenging economy and its implications (Louw & Venter, 2013). Therefore, it is vital to know the factors that influence strategic choices and those that establish the key success factors of the industry. This section will discuss factors that influence the strategic choice and key success factors.

Organisational environment - Organisations have to conduct an environmental analysis to determine the gravity of change and other variables which will affect business' functionality. For example, in a challenging economy there are other variables such as political turmoil, bad governance and inconsistent government policies. Furthermore, there is need to determine

what are the strengths, weaknesses, opportunities and threats presented by the challenging economy. Johnson *et al.* (2017) advises that due to ever changing and high competition in the challenging environment, organisations have to be agile in order to be flexible and to quickly adapt to any change.

Company culture – strategic choices are grounded on the culture of the organisation. This brings about all stakeholders involved such management, employees and shareholders not forgetting the customers. The organisation must ensure that the strategic choice they undertake will be acceptable to the whole organisation or it will fail to progress.

Capacity to execute the strategy - Planning strategies is very different from acting on them (Louw & Venter, 2013:264; Ehlers & Lazenby, 2011:262). The organisation should ensure that they have the capacity to employ any strategy deemed fit to the organisation. The capacity involves the organisational structure, organisational capabilities, culture and motivation to employ the chosen strategy successfully.

Resource allocation - resources are very important in planning for strategic choices as this will be considered as the organisations lifeline. Without resources the organization cannot come up or manufacture products they intend to release to a specific market. Most strategies are centered on what is the current resource allocation and is it enough to meet the needs of the organization for production of goods and services (Johnson *et al.*, 2017; Grant, 2010).

Strategic intent – is influenced by the vision and mission of the organisation. As Johnson *et al.* (2017) state that the purpose and final destination of the organisation is captured in the strategic intent. Therefore, it is crucial to establish the direction and purpose the organisation wants to pursue, how to do it and within which environment or industry are the key determinants of strategic choice (Louw & Venter, 2013: 265). That is if the organisation wants to grow, defend or restructure the business or to innovate, differentiate and diversifying the business.

2.4.1 Key success factors for surviving in the challenging economy.

It is important for organisations to understand and identify fundamental factors in its industry before deciding on a specific business strategy. The fundamental factors are called key success factors and identifying them can be problematic especially when operating in a challenging economy. Louw & Venter (2013:194) advised that key success factors can only be identified through conducting an effective industry analysis. Industry analysis is a tool that facilitates a company's understanding of its position relative to competitors that produce similar products or services. The aim is to establish the opportunities and threats in the industry environment. Key success factors are resources, competencies and skills which create a competitive advantage of a company on a given market today which can decide the possibility of its success in the future. Johnson *et al.* (2017:83) cautions that misdiagnosing the industry's critical factors has repercussion on the business strategies to be utilised by an organisation. Therefore, strategic managers should be competent enough to conduct an effective industry analysis as it is an essential component of the strategic planning.

The above description of key success factors confirms that these are the requirements or expectations from external stakeholders that organisations must do well in order to be effective competitors. Organisations should thrive in the industry through the production of quality products, quick deliveries, good services just to mention a few. According to Louw & Venter (2013:195) & Grant (2010:86) key success factors mostly depend on three Cs criteria which include:

2.4.1.1 Customers – What do customers want?

Organisations should answer that question by identifying their customers, establishing their expectations and needs. Furthermore, as organisations understand the basis of customer's preferences they can then identify the factors that confer success upon them.

2.4.1.2 Competition – How can the organisation compete successfully?

It is vital for organisations to establish the nature of competition, main dimensions of competition and how intense the competition is in the industry, and how they can obtain a superior competitive position.

2.4.1.3 Corporation – What unique resources does the organisation possess?

Organisations must make sure they have the distinctive competences and capabilities that will help them to gain a competitive advantage (Leimbach, 2013). Resource based view concept can be useful in achieving these distinctive competences and capabilities.

2.4.1.3.1 Resources based view (RBV) concept

RBV concept from strategic importance of understanding why organisations differ from each other and why certain organisations are more successful and more profitable than others through the use of resources and capabilities (Grant, 2010). According to Teece (2014: 20) the importance of resource-based view is to analyse and interpret resources of the organisations to understand how organisations achieve sustainable competitive advantage. However, Louw & Venter (2013:236) urged that resources on their own are not particularly productive in challenging economy but add value when they are combined to form unique and dynamic capabilities. Dynamic capabilities have been defined as firm's processes that use resources specifically the processes to integrate, configure, gain and release resources (Teece, 2014:15). In addition, while resources based view concentrates on types of resources and capabilities for its strategic importance, the dynamic capabilities concentrate on how these resources and capabilities need to change or update over a period of time to keep their relevance in the changing marketplace.

Therefore, dynamic capabilities are recognised as key factors for the adaptation of the firm to its changing and challenging environment.

In addition, various researchers identify different key success factors for organisations operating in diverse industries in challenging, turbulent or volatile economic environments.

According to Mamvura (2015:222) key success factors which are fundamental for survival in challenging economies like Zimbabwe are organisational agility, rapid decision making and execution, high performance culture and the ability to access the right information at the right time. Johnson *et al.* (2017:86) states that in telecommunication and mobile industry, organisational agility, innovation, cost, after sales services and delivery reliability are key success factors and sources of competitive advantage.

2.4.2 The influence of key success factors on business strategies

Grant (2010) notes that correct key success factors in an industry have an influence on the business strategy of an organisation. Ehlers & Lazenby (2011:160) add that in order for organisations to align their business strategies with the external environment, they should have vital key success factors. That is, organisations should have concrete strategies of survival. Louw & Venter (2013:223) advise that key success factors are one of the key building blocks for developing sound business strategies. Therefore, strategic decision makers should consider key success factors when planning, as they improve business strategy formulation. The aim of both key success factors and business strategies is to ensure organisational survival and competitive position in the challenging economy (Grant, 2010). In support, Johnson *et al.* (2017:86) add that well managed success factors lead to the competitive advantage of the organisation and that there is therefore a close relation between success factors, business strategies of the firm and its competitive advantage. Key success factors can also be used to measure performance in an organisation. If an organisation can meet the conditions of key success factors in its industry, therefore, it is performing well.

After establishing and analysing the factors influencing strategic choice and key success factors of the industry, organisations can make informed decision on the business strategies to be employed in the challenging economy. The following section will discuss business strategies in detail.

2.5 BUSINESS STRATEGIES FOR ORGANISATIONS IN THE CHALLENGING ECONOMY

As stated in chapter 1.3.1, Porter (1996:60) states that strategy is about being different and coming up with competitive strategies which entails deliberately choosing a different set of activities to deliver a unique mix of value. Being different is a vital aspect here considering that organisations operating in challenging economy have to be different in order to grow and survive. Ansoff (2013:4) points out that the process of analysing the implications of a fast-changing environment and modifying the way that an organisation reacts to them is known as business strategy. Therefore, in this study, the researcher will use the term business strategy to refer to the strategies used by organisations in the challenging economy. Mintzberg & McHugh (1985:6) define business strategy as the pattern of activities which has an impact on the achievement of the organisational goals in relation to its environment. Thompson & Strickland (2003) explain that the main driving force of a business strategy is how well it responds and reacts to changes in the macroeconomic environment and the industry's key competitive conditions. In support, Hakansson & Snehota (2006:264) point out that a business strategy is primarily concerned with understanding what makes a business organisation effective in its environment, and to explore the organizational processes required to enhancing this effectiveness. Business strategies encompass corporate or grand strategies and competitive strategies according to Ehlers & Lazenby (2011) & Grant (2010). The empirical findings of Chi (2010) show that the flexibility and performance of business strategies should be emphasised more in challenging environments. Business strategies are successful when they lead to business growth, strong competitive position, and strong financial performance in a challenging economy. It is vital in this study to establish which business strategies are employed by MCXZ in order for it to survive the challenging economy of Zimbabwe. As already mentioned above, business strategies encompass corporate or grand and competitive strategies. The following section will discuss these business strategies.

2.5.1 Corporate or grand business strategies

These business strategies consist of three strategic goal options that is growth, defend and corporate combinations. The first option is to grow the business internally through market penetration, market development, product development and innovation. Then business growth

can also be achieved externally using diversification, integration strategies. The second option is to defend from a vulnerable position using turnaround, divestiture, liquidation and bankruptcy. The last and third option is corporate combinations through using strategic alliances, joint ventures and mergers. The aim of corporate combinations is to achieve organisational growth.

In this study, the researcher will discuss selected growth strategies and the study is focusing on an emerging mobile company operating in a challenging economy that does not have anything to defend but only to grow the business and survive. As a result, there are two main business strategies to be focused on:

- Growth business strategies – includes market penetration, market development, product development, diversification and strategic alliances.
- Innovation business strategy – includes technology push, market pull, research and development and bottom of the pyramid innovation.

The following survival business strategies will be discussed below: growth strategy, market development, market penetration, diversification and strategic alliance strategy.

2.5.2 GROWTH STRATEGIES

Organisations seek growth for a range of reasons. For many, expansion boosts, profitability and business evaluation, while some organisations merge with other organisations to tap new markets or to expand their market reach (Johnson *et al.*, 2017:244; Louw & Venter, 2013:336). Though, growth business strategies are viable when the opportunities exist and the organisation is in the position to exploit those (Louw & Venter, 2013:335). In a challenging economy, new technology offers business opportunities for mobile industry in Zimbabwe (Kurmar, Strauvermannand & Shahzad, 2016:922). That means business can achieve growth in the mobile industry especially through the use of innovation business strategies. However, Eitzen & Sartorius (2012:80) warn that achieving growth is difficult in challenging economy. They emphasise that for organisation to achieve growth they should pay attention to driver of

growth factors. The drivers of growth factors are: resources of the company, level of motivation to achieve sustained growth and its choice and execution of strategy. The drivers of growth are briefly discussed below.

- *Resources of the company* – key resources to support growth include strategic assets, managerial talent, talent incubator, happy people and networks or key strategic relationships. Johnson *et al.* (2017) suggest that strategic assets include physical assets, brands and customer relationships that are unique and which provide a competitive advantage over company's rivals. In addition, it is vital to have the right people in the right roles to lead and grow the business especially in challenging economy. This is because a firm's growth is constrained by its ability to find, train and absorb new management and staff of sufficient quality who can administer and accommodate its growth (Eitzen & Sartorius, 2012:84). They further, explain that an effective talent development programme provides a company with a long-term competitive edge which is more cheaply sourced inside the company than outside. In this regard, an inspired business model and well-aligned business processes will not compensate for an absence of adequate human capabilities (Diong & Choo, 2008).
- *Level of motivation* – motivation to grow is an essential precursor to growth (Eitzen & Sartorius, 2012:81). Leadership should ensure that employees are motivated and have accepted the business strategies to be employed in order to achieve growth. According to Eitzan & Sartorius (2012:83) motivation is the valuable driver of growth which affords organisations a competitive edge even in challenging economy.
- *Strategy and execution* – business strategies align motivation of the firm with the deployment of its resources (Eitzan & Sartorius, 2012:85). In this context, business strategies determine the path chosen to create growth. Execution of business strategies is vital as many businesses with good strategies fail to execute them (Grant, 2010). As such organisations should ensure effective implementation of business strategies for them to achieve growth (Johnson *et al.*, 2017).

The next section will discuss Ansoff Matrix (2013)’s proposed growth strategies in challenging economies.

2.5.3 ANSOFF MATRIX FOR PROPOSED GROWTH STRATEGIES

Ansoff (2013:7) proposed four strategies for growth which have been neatly summarised in the Matrix below. To depict alternative corporate growth strategies, Ansoff (2013:7) presents a matrix that focuses on a firm's present and potential products and markets (customers). This is done by considering ways to grow via existing products and new products, and in existing markets and new markets; as such, there are four possible product-market combinations namely market penetration, product development, market development and diversification. Ansoff’s Matrix is shown in figure 2.1 below:

		Products	
		Existing	New
Markets	Existing	Market Penetration (Low risk)	Product Development (Moderate risk)
	New	Market Development (Medium risk)	Diversification (High risk)

Figure 2.1: Ansoff Matrix for business strategies

Source: Ansoff (2013:7).

The Matrix is fundamental to organisations as it provides an outline of alternative methods by which businesses can achieve their mission or strategy targets by presenting four growth business strategies in turbulent environments as discussed in Chapter 1.7.3.1 - 2 and sections 2.5.3.1 - 4. Ansoff (2013:8) states that the Matrix is particularly useful in showing how organisations can develop business strategy for altering market position as well as increasing or improving product range. Furthermore, the Matrix essentially shows the risk that a particular strategy will expose organisations to, the idea being that each time you move into a new quadrant (horizontally or vertically) you increase risk (Ansoff, 2013:9). Consequently, the Matrix suggests growth strategies that can serve to set the direction for the business and provide marketing strategies to achieve them in challenging economy. It is vital for organisations to analyse and understand their strengths and weaknesses and opportunities and threats before deciding on which strategy to use in the Matrix. The four business strategies (market penetration, product development, market development, and diversification) in the Matrix will be discussed below.

2.5.3.1 Market penetration strategy (existing products in existing markets)

Market penetration builds on existing strategic capabilities as the organisation increases market share with existing products and services (Lamb, Hair & McDaniel, 2011:44). Johnson *et al.* (2017:245) emphasises the need to deliver solid value so as to create customer satisfaction and loyalty thereby creating a permanent market share gain. Louw & Venter (2013:339) explains that the market penetration strategy is most effective when targeted at heavy users of a product through the promotion of increased product usage by finding new applications for current users, increased quantities used and increased frequencies of use thereby increasing customer retention. Market penetration can also be accomplished through the attraction of previous product/service non-users or the attracting competitor clients. Since market penetration exploits proven skills, resources and products in an already established supply chain, market, product and technologies, it is relatively low risk and inexpensive (Lamb *et al.*, 2014:45). This strategy is suitable for businesses operating in the challenging economy due to its inexpensiveness and low risk characteristics.

Ansoff (2013:10) proposed the following four approaches organisations can adopt when implementing market penetration strategy.

- Return or increase your products market share
- Dominate growth markets
- Drive out your competitors
- Increase existing customers

This strategy is vital in a challenging economy, though Louw & Venter (2012:339) elaborates that market penetration can only be a viable option when the market is growing. In this scenario, the low entry level products and services market is viable. As such for organisations to survive there is need to aggressively retain current customers and attract new customers in the same marketplace in order to increase their market share. Ansoff (2013:10) warns that one of the key constraints for this strategy is for organisations not to compromise the existing success. For example, it is critical to be attentive to what has made the product a success so far and guarantee that nothing the organisation does will undermine it, especially in a challenging economy. Conversely, market penetration has limits, and once the market approaches saturation another strategy must be pursued if the firm is to continue to grow (Afande, 2014:14). As such, companies like the MCXZ have to use existing strategic capabilities to increase market share with existing products and services. The only effective way to do this is to target heavy users of the product through the promotion of increased product usage, finding new applications for current users, increased quantities used and increased frequencies of use.

2.5.3.2 Market development strategy (existing products in new markets)

As the world continuously becomes globalised and challenging organisations are expanding their wings into other markets; that is, carrying their products and brands to new and diverse markets worldwide. Organisations employ market development strategies that traditionally work in their base markets and introduce the same products, processes, and operational strategies to new markets (Lamb *et al.*, 2011:44). Johnson *et al.* (2017:248) identify three forms of market development, that is, new segments, new users and new geographies.

Johnson *et al.* (2017:248) stress the need for some alteration to traditional products for this strategy to be effective even if it only involves a change in packaging or service. This is usually necessary due to the differences in cultures (language, religion and norms) and regulations between countries, the structure of different market segments and the existence of segments. Ansoff (2013:15) proposes that market development strategy should be used to enable organisations to exploit opportunities in challenging economy and this can only be achieved through the following approaches:

- New geographic markets and new demographic segments
- New product dimensions or packaging
- New distribution channels
- New market segments created by different pricing.

The principal aim of the strategy is to create opportunities for the organisation to survive in a challenging economy, but it can only be a viable option if the organisation has the necessary capital, expertise and resources to manage expanded operations. Afande (2014:13) adds that the development of new markets for products may be a good strategy if the firm's core competencies are related more to specific products than to its experience with a specific market segment. However, Ansoff (2013:15) advises that the market development strategy's biggest danger is the risk of alienating your current customers. The market development business strategy is vital to MCXZ as the company needs to grow and expand its operations around Zimbabwe and the region. For the company to achieve market development business strategy, it has to concentrate on promoting its successful products in new markets.

2.5.3.3 Product Development (New products in existing markets)

This involves developing new products or modifying existing products so that they appear new for existing markets by thinking about how new products can meet customer needs more closely and outperform competitors. A product development strategy may be appropriate if the firm's strengths are related to its specific customers rather than to the specific product itself. In this situation, an organisation can leverage its strengths by developing a new product

targeted to its existing customers. There is nothing simple about the process. It requires keen attention to competitors and customer needs now, and in the future, the ability to finance intensive research and development budgets, prototypes and manufacturing processes, and a creative marketing and communications plan (Ansoff, 2013:16). The rationale for the product development strategy is to attract satisfied customers to try new products as a result of their positive experiences with the organisation's existing products (Louw & Venter, 2013:343). Nevertheless, it is vital to develop a product to meet the customers' expectations than to develop a product to such an extent that customers become disinterested in the product modifications and choose to buy a competitive product with few modifications (Louw & Venter, 2013:343). For example, many cellular phone manufacturers add so many new features to a cellular phone that in the process it loses its ease of use. According to Time Tech News (11 October, 2016) the Samsung galaxy note 7 smart phone, was modified from Samsung galaxy 7 smart phone with new, attractive and competitive features which caused the battery to overheat and catch fire. The bottom line is that, the product development strategy should be implemented properly so that it can entice new customers while retaining existing ones. Without doubt, product development is necessary in a challenging economy for organisations like MCXZ to survive; but due to shortages of operational finances there is need to be innovative. Johnson *et al.* (2008:261) stresses that in challenging economy there is need for some alteration to traditional products for this strategy to be effective. This may mean changing the packaging of the product.

2.5.3.4 Diversification (new products in new markets)

Diversification is defined as the process of entering into new industries, distinct from the company's core business or original industry, to make new kinds of products that can be sold profitably to customers in these new industries (Ansoff, 2013:21; Pearce II & Robinson, 2011; Thompson & Martin, 2010). Diversification is the riskiest of the four growth strategies since it requires both product and market development and may be outside the core competencies of the firm. However, diversification may be a reasonable choice if the high risk is compensated by a chance of a high rate of return (Afande, 2014:13; Louw & Venter, 2013:344).

Diversification strategies are divided into two options namely related and unrelated diversification. Related diversification is whereby an organisation is seeking new opportunities in concurrent industries. It is a viable strategy option when the industry is in slow growth stage and where the goal is to increase sales in a particular market by increasing the number of products consumed by each individual customer (Louw & Venter, 2013:344). An example of related diversification is where Econet Mobile Zimbabwe a company in the communication industry diversified into financial markets by introducing Ecocash services (Econet Annual Integrated Report, 2016).

Unrelated diversification is where the organisation chooses to venture into an entirely new territory. It is a viable strategy option when the basic industry of the organisation is experiencing declining sales and profits or the organisation has the capital and managerial talent to compete successfully in a new industry (Louw & Venter, 2013:345). Other advantages of diversification include the potential to gain a foothold in an attractive industry and the reduction of overall business portfolio risk (Afande, 2014:13).

Related diversification can be viable to MCXZ as the risk is moderate. Whereas, unrelated diversification is too risky considering that MCXZ is an emerging company and does not have the strategic capabilities to manage that.

2.5.3.5 Strategic alliance strategy

The strategic alliance strategy is a growth strategy under corporate combination strategies. It is an agreement between two or more parties to pursue a set of agreed upon objectives, while remaining independent organisations (Jani *et al.*, 2011:15). There is no legal partnership entity, agency or corporate affiliation relationships on this alliance. The main goal for organisations or partners is to provide the strategic alliances with resources such as products, distribution channels, manufacturing capacity, project funding, capital equipment, knowledge, expertise or intellectual property (Jani *et al.*, 2011:15; Grant, 2010). As such the synergy from the strategic alliances strategy affords the organisation the opportunity to grow and survive

the challenging economy as the organisation will have an advantage of accessing crucial knowledge and expertise to achieve its objectives. In addition, the business will benefit from shared expenses and shared risks especially for companies like MCXZ that are operating in challenging economy. For example, MCXZ entered into partnership with several telecommunications services providers and major retailers in Zimbabwe and the region, in order to find distribution channels for their products.

In support, Grant (2010:110) & Walker (2003:151) explains that strategic alliance also gives organisations access to new geographical markets especially where entry costs for regional and international organisations are prohibitively high considering that the businesses are operating in challenging economy.

The strategic alliance business strategy is vital in this study as MCXZ is operating in a challenging economy which needs commercial collaborations (such as distribution channels with telecommunication services providers and major retailers, customer credit backing with banks and other important partnership within the value chain) for the organisation to survive. Strategic alliances afford organisations growth through sharing of costs, boost efficiency and improve their competitiveness.

2.5.4 INNOVATION BUSINESS STRATEGIES

The term “innovation” was used for the first time by Schumpeter (2011) at the beginning of the 20th century. His ideas and research have been developed by a number of other authors. Schumpeter (2011:10) defines innovations as product, process and organisational changes that do not necessarily originate from new scientific discoveries (Hana, 2013:84), but may arise from a combination of already existing technologies and their application in a new context.

Gault (2011:323) further defines innovation as the creation of value from knowledge, a driver of economic growth. The term innovation is often identified with the concept of inventing. Innovation is not the same as inventing. According to Hana (2013:84) innovation is changing your business model and adapting to changes in your environment to deliver better products or services. Successful innovation should be an in-built part of your business strategy, where

you create a culture of innovation and lead the way in innovative thinking and creative problem solving. Molina-Morales, Garcia-Villaverde & Parra-Requena (2011) claim that the inventive part of innovation strategy is based on people's knowledge, skills and experience. In order for the innovation strategy to work, the aspect of human factor is an indispensable element as people generate ideas that might help the organisation to gain a competitive advantage over its competitors (Molina-Morales *et al.*, 2011).

According to Beyene, Shi & Wu (2016:126), the innovation strategy is considered a source of competitive advantage to organisations operating in challenging business environments. As established by Obradovic & Obradovic (2016:91) & Hana (2013:87) there is a relationship between the innovation strategy and competitive advantage in business. This is because businesses that innovate create more efficient work processes and have better productivity and performance than its competitors. The goal of innovation strategies is to gain a sustainable competitive advantage in a challenging economy (Obradovic & Obradovic, 2016:91). On the other hand, the innovation strategy can only be successful when the following performance conditions are met, namely innovation strategy performance, customer demand differentiation, when industry is characterised by rapid changes, organisation has research and development skills and organisational culture to foster innovativeness.

2.5.4.1 Innovation strategy performance conditions

According to Ehlers & Lazenby (2011:205), an innovation strategy can be successful if the following conditions exist:

➤ Customer demand differentiation

Customer needs and expectations are one of the vital forces for innovation change in organisations and industries. According to Afande (2015:41) customers are more knowledgeable and have different preferences of value for money products and services. In support, Johnson *et al.* (2017:318) notes that changes in customer behaviour challenge the traditional way of Doing Business Survey in the organisation. They add that customers demand variety of high quality products and services, with proportional prices, perceived

value and distribution means which are favourable. Therefore, organisations under this condition are forced to employ innovation strategies in order to satisfy the demands of the market. Lee (2016) explains that in the mobile phone industry, the innovation strategy is fundamental as consumer expectations put pressure on companies to constantly innovate in order to keep up with consumer demand.

➤ **The industry is characterised by rapid changes and advances in technology**

Industries and markets which are characterised by rapid changes and advances in technology present organisations with opportunities to innovate (Johnson *et al.*, 2017:318). Obradovic & Obradovic (2016:91) state that rapid changes and advances in technology in industries is the paradigm in the challenging economy, and business should take advantage of these conditions to employ successful innovation strategies. As already discussed above on customer demand differentiation, it shows that customers are more knowledgeable and demand different preferences on products and services. Additionally, organisations operating in rapid changes and high technological industries can enjoy growth and competitive advantage through the employment of innovation strategy. Johnson *et al.* (2017:320) indicates that the telecommunication, manufacturing, services management, computer software, medical equipment and medications industries are the mostly affected by rapid changes and advances in technology conditions.

➤ **The organisation has research and development skills**

One of the drivers of the innovation strategy is whether the organisation has the capacity and skills to conduct research and development. Research and development is a valuable tool for growing and improving business. According to Louw & Venter (2013:292) & Hana (2013:85), research and development involves researching on market and customer needs and developing new and improved products and services to fit these needs. Businesses that have a research and development strategy have a greater chance of success than businesses that do not. Johnson *et al.* (2017:320) elaborates that the research and development strategy can lead to innovation and increased productivity and can boost business's competitive advantage especially in the high technology industries such as mobile phones. In that regard, organisations should ensure that they have the capacity and necessary skills needed to

implement an effective research and development strategy. Ehlers & Lazenby (2011:205) cautions that the research and development strategy is expensive especially for emerging companies operating in challenging economy. But still, Johnson *et al.* (2017:320) advises that for organisations in challenging economy, it is critical to have research and development strategy in order to regularly have new knowledge that is appropriate to the company's business needs that ultimately will result in new or improved products, processes, systems or services that can increase the company's sales and profits.

➤ **The organisational culture fosters innovativeness**

Organisational culture plays a pivotal role in fostering innovativeness. Ehlers & Lazenby (2011:306) define organisational culture as a set of shared values that help organisational members to understand organisational functioning and thus guide their thinking and behaviour. When culture unites members effectively, and is sufficiently wide spread, accepted and entrenched, it then becomes a key influencer in both strategic alignment and strategic implementation (Louw & Venter, 2013:479; Lee, Venter & Bates, 2004). In support, Nuronjo-Valencia, Jimenez & Valle (2011:56) claim that one of the variables considered to have influence on innovation is organisational culture. Since it influences employee behaviour, it may lead to the acceptance of innovation as a fundamental value of the organisation and employees therefore feel more involved in the business. In regard of this view, effective organisational culture facilitates the employment of innovation strategy in the organisation.

The above-mentioned performance conditions of innovation are set as guidelines for organisations and meeting them allows organisations to employ successful innovation strategies (Cooper & Edgett, 2010:35), even though they are operating in challenging economy. Furthermore, organisations have to establish whether their innovation strategies are being driven by technology push or market pull innovation in order to make informed choices and decisions.

Innovation researchers have frequently debated whether organisational innovation is driven by market demand or by technological shifts. The market demand school of thought suggests

that organisations innovate based on market needs, whereas the technology proponents claim that change in technology is the primary driver of innovation. The main question here is to establish what the technology push innovation strategy is and the market pull innovation strategy. This will be discussed below.

2.5.4.2 The technology push innovation strategy

Johnson *et al.* (2017:318) describe technology push view, as the creation of new knowledge through research and development projects to produce new products, processes or services. According to Obradovic & Obradovic (2016:92) & Day (2011:184) firms pursuing the technology push innovation strategy usually allocate enough research and development (R&D) resources, acquire new technology and accumulate better human resource competence. Such capabilities and competences are hard to be imitated by competitors and have considerable long-term effects on product innovation performance. Recent research findings by Saeed, Yousafzai, Paladino & Luca (2015) empirically indicate that the technology push innovation strategy helps organisations to build better confidence and enables them to exploit the knowledge in their challenging environment easily. That means the technology push innovation strategy contributes better to product innovation capability and innovation performance. Day (2011:190) warns that the major impediment for the technology push strategy is that it is expensive and most firms operating in challenging economy have difficulty to develop it.

2.5.4.3 Market pull innovation strategy

Johnson *et al.* (2017:318) assert that market pull reflects a view of innovation that goes behind invention and sees the importance of actual use. That is market pull focuses more on the needs of the users of the product or services rather than the technologists or scientists. Di Stefano, Gambaedella & Verona (2012) & Kim & Lee (2009) advocates of the market-pull innovation strategy have long been arguing that better performance organisations need to stay close to the customers they serve and the competitors engaged with. This can be achieved through deliberately focusing on the external environment (market) as the source of organisation's innovation idea. Yu, Dong, Shen, Khalifa & Hao (2013) advises that the market pull

innovation strategy affords organisations the opportunity to learn better about their customer needs and expectations, consequently, outperform their counterparts. The market pull strategy is an organisation wide generation, translation and interpretation of customer and competitor related information to provide products of superior value and stay at the top of the competition (Johnson *et al.*, 2017); Zhang, Hoenig, Di Benedetto, Lancioni & Phatak, 2009). The market pull strategy helps organisations in challenging economy to forecast unmet market needs and align their response accordingly.

Organisations should establish their needs and objectives before taking decisions on which innovation strategy to employ. Beyene *et al.* (2016:127) state that organisations have the option of pursuing either the technology push strategy or market pull innovation strategy in their new product generation and development process, as both innovation drivers strive for achievement of superior innovation performance through development of organisational competence (Saeed *et al.*, 2015:125). Consequently, Johnson *et al.* (2017:319) pointed out that the market pull innovation strategy is the most appropriate for organisations operating in the challenging economy because it can be manageable financially. On the other hand, Louw & Venter (2013:292) state that organisations operating in developing and challenging economy have bottom of the pyramid option to pursue innovation business strategy.

2.5.4.4 Bottom of the pyramid (BOP)

As already stated, developing and challenging countries like in Africa present organisations with an opportunity to explore bottom of the pyramid innovation as it targets many poor people. Many businesses fail to address the lower end of the market with their products and services, leaving this segment under served, thus, open to new innovations that address the need for affordable basic products and services (Prahalad, 2005). Therefore, appropriate products and services can be used to exploit the spending power of these people or segments (Prahalad, 2005). Louw & Venter (2013:320) suggest that low end customers can be serviced profitably and that these profits are in turn the means to eradicate poverty and enhance sustainability. This segment is comprised of people who live below the poverty datum line (Prahalad, 2005). Hence, to succeed in bottom of the pyramid markets, products and services

need to be affordable, acceptable, available when needed and consumers must be aware of the products or services and their benefits (Anderson & Markides, 2007). In addition, they advise that products in bottom of the pyramid markets must be able to work in extremely difficult conditions such as wet, heat, dry conditions and poor basic infrastructure such as electricity and poor roads are all aspects innovators have to consider. In addition, organisations in the challenging economy can benefit a lot from the bottom of the pyramid innovation, as the strategy enables them to grow and survive. The researcher is of the view that the innovation strategy is and will surely continue to be a means for organisations to survive and grow in today's turbulent, highly competitive, and challenging environment similar to where MCXZ is operating in. However, it is important to note that the innovation strategy is very expensive as it requires intensive research and development but, for organisations to survive and grow in a challenging economy they need to make every effort to be innovative.

The next section will discuss how organisations in the challenging economy can achieve growth by employing competitive business strategies by Porter (1980). Some scholars state that competitive business strategies are meant for stable conditions (Kim, Nam & Stimpert, 2004; Hill & Jones, 2012), while others hold the view that cost leadership and differentiation are best suited for turbulent conditions such as the challenging economy in Zimbabwe (Johnson *et al.*, 2017; Louw & Venter; Penc-Pietrzak, 2014). With these diverging views it is critical to establish how competitive business strategies particularly cost leadership and differentiation strategies influence growth and competitive advantage.

2.5.5 Other possible business strategies that can be used in the challenging economy

This section discussed other possible business strategies which can be used with organisations operating in the challenging economy in order to achieve growth or survival. The study only used two of Porter's generic strategies namely cost leadership and differentiation business strategies as they support growth and innovation in organisation operating in challenging economy.

2.5.5.1 Cost leadership strategy

Low prices are generally associated with perceived inferior quality; however, low cost does not necessarily mean cheap. Companies that follow a cost leadership strategy secure a cost advantage over rivals, price their products competitively and usually achieve a high profit margin as they avoid unnecessary costs by meeting specific needs of customers and industry (Ehlers & Lazenby, 2011:186). The focus of such organisations is to achieve above average profits with average prices through superior management, concentrating on cost saving opportunities, minimising wastages and discarding added value to products and services which customers regard as unnecessary or unimportant. Cost savings are achieved in all aspects of the business including management perks. The low-cost base gives an organisation a competitive advantage over rivals as it better cushions it from sporadic increases in input costs by powerful suppliers in the market and plummeting product prices as a result of actions of powerful buyers (Hill & Jones, 2012: 156). Core capabilities, distinctive resources and major gaps are often key drivers of a low-cost competitor's strategy (Ryans, 2009:103). For organisations operating in price sensitive environment, similar to MCXZ, employing low cost leadership strategy will increase the potential to sell affordable products thereby increasing market share. In addition, low cost leadership strategy will give organisations a gap or segment to focus on, in a highly competitive industry with well-established companies.

2.5.5.2 Differentiation strategy

A differentiation strategy is used where the customer is willing to pay a premium price in order to enjoy added value (Thompson & Martin, 2005: 292). However, costs are only added to areas which are perceived as important by the customer. Ehlers & Lazenby (2011:185) identifies three characteristics of differentiation strategies, which are:

- to generate added value for the customer,
- the customer must perceive the added value, and
- sustainability of the strategy such that it is difficult to copy.

In addition, organisations can achieve growth through differentiation if they focus on products. That is, organisations should produce products and services according to their

customer needs and expectations especially in the mobile industry. Consumers are knowledgeable and demand quality products and services, as such, satisfying their needs better than competitors and demanding higher prices will yield high profits.

Furthermore, the differentiation strategy can be approached through modifying and adjusting the services to the needs of customers. That is, attaching additional services to the product such as guarantees, efficient back up services, detailed instruction, installments and upgrading facilities. Generally, customers will accept premium prices in return for additional services attached to the product. In addition, organisations can use effective distribution channels to differentiate themselves from competitors (Louw & Venter, 2013:269; Grant, 2010). In other words, your products can be easily accessed by consumers. For example, in a mobile industry it is vital to have effective and easily accessed distribution channels such in supermarkets, departmental stores, network services providers and even make use of mobile agents to sell and deliver products to customers. Nevertheless, Johnson *et al.* (2017) warns that the sustainability of the differentiation strategy is very difficult in challenging economies because of high rates of imitation. Johnson *et al.* (2017); Ehlers & Lazenby (2011:200) state that there is a relationship between grand or corporate strategies with competitive strategies. They reveal that the market penetration strategy and strategic alliances strategy can contribute to achieving cost leadership. In addition, product development strategy and market development strategy can contribute to differentiation.

2.6 SUMMARY

The chapter presented an overview of the mobile phone industry. The aim was to understand the operating context of MCXZ pertaining to its competitors, customers, opportunities and threats. Furthermore, factors influencing the strategic choice and key success factors were explored in order to establish what influences strategic choices especially in challenging economy. In addition, business strategies employed in challenging economy were discussed in detail. The main driving force of business strategies is how well they respond and react to changes in challenging economy. That means organisations should understand their strength and weaknesses, threats and opportunities for them to establish business strategies that are

suitable for the challenging economy for them to survive. The chapter further discussed business strategies employed by organisations in the challenging economy as growth strategy, market penetration, market development, product development, diversification, innovation business strategy and strategic alliance. Organisations operating in challenging economy should match their business strategies with the prevailing environment for them to grow and to be competitive.

Chapter 3

RESEARCH METHODOLOGY

3.1 INTRODUCTION

A number of definitions of research have been proposed by different scholars and researchers, working in different fields such as Zimund & Babin (2010) & Aaker, Kumar, Day & Leone (2011) and so on. According to the Oxford Paperback Dictionary of Current English (2012:787), research is defined as a systematic investigation undertaken in order to discover new facts or get additional information. While, Saunders *et al.* (2015:10) describe research as something that people undertake in order to find out new things in a systematic way, thereby increasing knowledge.

From the definitions of research provided above, it is clear that research is a planned activity, aimed at establishing new facts and information about a particular phenomenon. The research process involves the identification of a particular problem or area of interest, translating that problem into a research problem, collecting data, analysing the data and reporting the findings of the research (Saunders *et al.*, 2015:15). This Chapter therefore, presents the research approach, design and methodology that were followed to address the main research question, which was: to establish the business strategies employed by Mobile Company X Zimbabwe (MCXZ) as outlined in Chapter one. The chapter also provides a comprehensive description of the research procedures, data collection techniques and data analysis that was used to ascertain business strategies employed by MCXZ for it to survive the challenging economy of Zimbabwe.

3.2 RESEARCH PHILOSOPHY

The term research philosophy refers to a system of beliefs and assumptions about the development of knowledge (Saunders *at el.*, 2015:135). There are four types of research

philosophies in business and management research namely: pragmatism, positivism, realism and interpretivism. The four research philosophies are described below.

3.2.1 Pragmatism

Pragmatism asserts concepts to be relevant only if they support action. Moreover, pragmatism advocates that there are many different ways of interpreting the world and undertaking research, that no single point of view can ever give the entire picture and that there may be multiple realities (Saunders *et al.*, 2016:144).

3.2.2 Positivism

Positivism relates to the philosophical stance of the natural scientist and entails working with an observable social reality to produce law-like generalisations (Saunders, 2015:135). In addition, in positivism studies, the researcher is independent from the study and there are no provisions for human interests within the study.

3.2.3 Realism

Realism assumes that theories can describe the world as it really is; and they refer to entities existing in reality. The world is assumed to exist independently of our perception (Fehr & Plaisance, 2010).

3.2.4 Interpretivism

Interpretivism is an epistemology that advocates the necessity to understand the differences between humans in their role as social actors (Saunders *et al.*, 2015:142). Epistemology is further described as constituting acceptable knowledge in a field of study. This study was conducted within the interpretivist research philosophy. The purpose was to rely as much as possible on the participants' views of the situation being studied (Creswell, 2014). With this purpose in mind, the research questions of this study were simple and understandable so that participants would construct a meaningful discussion on the survival strategies employed by MCXZ in a challenging economy. The aim of using interpretivism philosophy in this study was that it focuses on the details of the situation and reality behind these details (Saunders *at*

et al., 2012:140). Consequently, this study wanted to understand in depth survival strategies employed MCXZ in a challenging Zimbabwean economy.

3.3 RESEARCH APPROACHES

There are three research approaches to theory development namely: deductive, inductive, and abductive (Saunders *et al.*, 2015:144). The three approaches have differences and similarities which needed to be explored in order to understand their implications for the research. Saunders *et al.* (2015:144) emphasises that it is vital to be clear about the theory of the research project at the beginning as this would help the researcher to choose the appropriate research approach to employ. Table 3.1 below highlights the differences and similarities of the research approaches accordingly.

Table 3.1: Deduction, induction and abduction: from reason to research

	Deduction	Induction	Abduction
Logic	In a deductive inference, when the premises are true, the conclusion must also be true.	In an inductive inference, known premises are used to generate untested conclusions.	In an abductive inference, known premises are used to generate testable conclusions.
Generalisability	Generalising from the general to the specific.	Generalising from the specific to the general.	Generalising from the interactions between the specific and the general.
Use of data	Data collection is used to evaluate propositions or hypotheses related to an existing.	Data collection is used to explore a phenomenon, identify themes and	Data collection is used to explore a phenomenon, identify themes and

		patterns and create a conceptual framework.	patterns, locate these in a conceptual framework and test this through subsequent data collection and so forth.
Theory	Theory falsification or verification.	Theory generation and building.	Theory generation or modification; incorporating existing theory where appropriate, to build new theory or modify existing theory.

Source: Saunders et al. (2015:145).

As illustrated in Table 3.1, the deductive approach involves the development of a theory that is then subjected to a rigorous test through a series of propositions (Saunders, 2015:146). It is the dominant research approach in the natural sciences where laws present the basis of explanation, allow the anticipation of phenomena, predict their occurrence and therefore permit them to be controlled. Soiferman (2010) criticises the deductive approach for its lack of clarity in terms of how to select theory to be tested via formulating hypothesis. In turn, the inductive approach involves the collection of data and development of theory as a result of the data analysis (Saunders *et al.*, 2015: 147). Arguments based on experience or observation are best expressed with inductive approach. However, Soiferman (2010) criticises the inductive approach because there is no amount of empirical data that will necessarily enable theory building.

The abductive approach is set to address weaknesses associated with deductive and inductive approaches (Bryman & Bell, 2015:27). The abductive approach involves data being used to explore a phenomenon, identify themes and explain patterns to generate a new or modify an existing theory which is subsequently tested, often through additional data collection (Saunders *et al.*, 2015:152). For the purposes of this study the inductive approach was adopted. According to Saunders *et al.* (2015: 146) an inductive approach is best suited in an interpretive research philosophy as they both seek to establish the understanding of the meanings humans attach to events. In line with this assertion, this researcher aims to understand the views of top and middle managers on the business strategies they employed at MCXZ in a challenging economy. The rationale for using inductive approach in this study is that it facilitates a close understanding of the context, such that it made it possible to understand the nature of the problem being investigated. In addition, the inductive approach was more flexible structure to permit changes as the research progresses (Saunders *et al.*, 2015: 147). That meant using the inductive approach permitted exploring the problem statement from a different perspective (Soiferman, 2010). This would enable the researcher to determine the survival business strategies employed by MCXZ through face to face unstructured interviews with both top and middle managers and to generate new theory on how the organisation was managing in the challenging economic environment.

3.4 METHODOLOGICAL APPROACH

Quantitative and qualitative research are the two major approaches in primary data collection. Wiid & Diggins (2013:87) identify four factors to be considered when selecting the most appropriate approach in a research. These are:

- the type of problem that can be solved
- the sampling method used
- the method used to collect data
- the techniques used to analyse the data

In addition, qualitative and quantitative research approaches have distinctive differences as presented in Table 3.2 below: However, each approach has its own advantages and disadvantages. The researcher must choose the most appropriate approach in accordance with the research problem. Wiid & Diggins (2013:88) adds that qualitative and quantitative research approaches can be combined to complement one other in a single research.

Table 3.2: Qualitative versus quantitative research

	Qualitative	Quantitative
Purpose	To understand and interpret.	To test hypotheses, look for cause and effect and make predications.
Most common research objectives	To explore, discover and construct.	To describe, explain and predict.
Sample	Smaller, not randomly selected and non-representative.	Larger, randomly selected and representative.
Variables	Study of the whole, not variables.	Study specific variables.
Data collection	Unstructured (words, images or objects) focus groups, in-depth interviews, projective techniques.	Structured (numbers and statistics)
Form of data collection	Qualitative, such as open-ended responses, interviews, participant observations, field notes and reflections.	Quantitative, based on precise measurements using structured and validated data-collection instruments.
Data analysis	Non-statistical (identifying patterns, features, themes).	Statistical (identifying statistical relationships).
Outcome	To develop an understanding (less-generalisable findings).	To recommend a final course of action (generalisable

		findings that can be applied to other populations).
Final Report	Narrative report with contextual description and direct quotations from research participants.	Statistical report with correlations, comparisons of means and statistical significance of findings.

Source: Wiid & Diggines (2013:60).

In short, quantitative research is the collection of data that involves larger, more representative respondent samples and numerical calculation of results. Generally, it is regarded as the most reliable source of information, since it always involves the use of numbers, often uses calculations, and derives concrete facts through careful observations and creative analyses (Nicholas, 2011). The aim of quantitative research is to generalise about a specific population based on results from a representative sample which is manipulated to forecast possible future results under different or similar conditions (Wiid & Diggines, 2013:87; Tustin, Ligthelm, Martins & Van Wyk, 2010: 89). In contrast, Saunders *et al.* (2012:163) define qualitative research as an unstructured research approach with a small number of carefully selected individuals with the intention of providing non-quantifiable insights into behaviour, motivations and attitudes. It involves examining and reflecting on perceptions in order to gain an understanding of social and human activities (Creswell, 2014:32).

Characteristics that define qualitative research such as natural setting, researcher as key instrument, multiple sources of data, inductive and deductive data analysis, participants' meanings, emergent design, reflexivity and holistic approach: (Creswell, 2014:332; Marshall & Rossman, 2011; Denzin & Lincoln, 2011) are presented below:

3.4.1 Natural setting

Qualitative researchers tend to collect data in the field at the site where participants experience the issue or problem under study. They do not bring individuals into a lab (a contrived situation). This up-close information gathered by actually talking directly to people and seeing

them behave and act within their context, is a major characteristic of qualitative research. In the natural setting, the researchers have face-to-face interaction, often over time (Saunders *et al.*, 2015). In this study, face to face semi-structured interviews were conducted with top and middle managers of MCXZ and interviews were held at the company's board room.

3.4.2 Researcher as key instrument

Qualitative researchers collect data themselves through examining documents, observing behavior, or interviewing participants. They do not tend to use or rely on questionnaires or instruments developed by other researchers. In this study, the researcher collected primary and secondary data using an interview guide (Appendix A) that was generated based on theories and research objectives of the study.

3.4.3 Multiple sources of data

Qualitative researchers typically gather multiple forms of data, such as interviews, observations, documents, and audiovisual information rather than rely on a single data source. Accordingly, in this study, semi-structured interviews and documents were used as sources of gathering data. Then the researcher reviewed all of the data, made sense of it, and organised it into categories and themes that cut across all of the data sources.

3.4.4 Inductive and deductive data analysis

Qualitative researchers build their patterns, categories, and themes from the bottom up by organising the data into increasingly more abstract units of information. This can be achieved through the use of inductive and deductive analysis. Creswell (2014:334) urged that the process might begin inductively but deductive thinking also plays an important role as the analysis moves forward.

3.4.5 Participants' meanings

In the entire qualitative research process, the researcher keeps a focus on learning the meaning that the participants hold about the problem or issue, not the meaning that the researcher brings to the research or that writers express in the literature. In this study, the researcher stayed focused and listening to the participants during the interviews, in order to comprehend the meaning of data and wrote everything down without bias.

3.4.6 Emergent design

The research process for qualitative researchers is emergent. This means that the initial plan for research cannot be tightly prescribed, and some or all phases of the process may change or shift after the researcher enters the field and begins to collect data. Therefore, in this study, the researcher learned more about the factors that influence the strategic choice, business strategies employed and the effect of the challenging economy from the participants during the interviews.

3.4.7 Reflexivity

In qualitative research, the inquirer reflects about how their role in the study and their personal background, culture, and experiences hold potential for shaping their interpretations, such as the themes they advance and the meaning they ascribe to the data. The aim is not merely to reduce biases and values in the study, but how the background of the researchers actually may shape the direction of the study. In this research study, the researcher has the knowledge in strategic management issues especially the business strategies, the effect of challenging economy and so on. Furthermore, the researcher had the experience of working for both private and public companies as a middle manager. The experience and knowledge the researcher has, helped to shape the direction of this study.

3.3.8 Holistic account

Qualitative researchers try to develop a complex picture of the problem or issue under study. This involves reporting multiple perspectives, identifying the many factors involved in a situation, and generally sketching the larger picture that emerges.

The characteristics of qualitative research design as listed above, relate to the current study as it was seeking to establish the survival business strategies employed by MCXZ in a challenging economy. Saunders *et al.* (2015: 163) emphasis that interpretive research philosophy is best suited to the application of qualitative research approach in studying a problem which is appropriate to the purpose of the inquiry to be conducted. The rationale for using qualitative research was that “it is flexible, powerful and an appropriate way to explore academic questions rigorously, when additional context is needed to explain phenomena missed by quantitative research” (Salkind, 2014:300; Creswell, 2013:48). Furthermore, this study used qualitative research as it focuses on qualities or characteristics that cannot easily be reduced to numerical values. In support of this position, Pellissier (2008:7) argues that qualitative research focuses on “soft data, which is collected through probing and understanding of respondents’ attitudes, motivations and behaviour”.

Against this background and in order to achieve the best-informed results from this research, it was vital to understand the nature of the research design. Saunders *et al.* (2015) classified research designs as follows:

- *Exploratory studies:* Offer valuable means to establish what is currently happening, seeking new insights, asking questions and assess phenomena in a new light. Exploratory research can be done through literature search, interviewing experts on the subject and conducting focus group interviews.
- *Descriptive studies:* Aim to portray accurate profile of persons, events or situations (Robson, 2002:59). This may be an extension of a piece of exploratory research or a piece of explanatory research itself.
- *Explanatory studies:* Emphasise studying a situation or a problem in order to explain the relationships between variables (Saunders *et al.*, 2015:171).

It was critical to clearly understand the phenomena about which data are to be collected before commencing the study. The current study adopted an exploratory research design. The aim was to explore how top and middle managers view the business strategies employed by MCXZ in a challenging economy. In addition, exploratory studies are particularly flexible and

adaptable as these characteristics are very useful when you wish to clarify and understand a problem (Creswell, 2013; Denzin & Lincoln, 2011).

3.5 RESEARCH STRATEGY

Research strategy is a plan of how a researcher will go about answering the research questions (Saunders *et al.*, 2015:173). Therefore, it is a methodological connection between research philosophy and subsequent choice of methods to collect and analyse data. Saunders *et al.* (2015:173) outline different research strategies to be used in both quantitative and qualitative research namely: experiment, survey, archival research, ethnography, action research, grounded theory and narrative inquiry. A case-based approach involving MCXZ as a model of a surviving organisation was used in this study. The purpose of this in-depth study was to examine the issue under investigation in its natural context (Babbie, 2010). There are advantages and disadvantages for employing a case study as a research strategy.

3.5.1 Advantages of using case studies

The research looked at one company in Zimbabwe, that is, MCXZ and it was not possible to look at more than one company due to the nature of the study and the allocated time. The following are advantages of using case studies;

- They are useful and appropriate in testing theoretical models using real life examples.
- They have the ability to enable the researcher to have a deeper analysis of issues than would be possible with a sweeping survey. Here the researcher used semi-structured interviews to dig deeper and asked follow-up questions to get clarity on issues.
- There was flexibility to take a new direction in a case. During the interviews the researcher managed to have a constructive discussion with top and middle managers that yielded valuable information considering the time constraints of the participants.
- They make for more and deeper, rich and real discussions than fixed surveys. In this study every interview was unique and it gave a different perspective of business strategies and the challenging economy of Zimbabwe under which MCXZ operates.

3.5.2 Disadvantages of using case studies

- It may not be possible to generalise the results of a case, as cases are very specific in nature.
- Results of a case may not be extrapolated to the general question because the research case is specific.
- They do not take time horizon into consideration, as they are only a snapshot of events of that period. This was true in some of the ways in which information was recorded and had short time horizons.

3.5.3 Single case and multiple case studies

Case studies can be single case or multiple cases. Therefore, the researcher has to decide if to make a single case study or a multiple case study depending on the context of the study. On the one hand, multiple case studies are used where more than one case is used in the research study. The rationale for using multiple cases focus upon the need to establish whether the findings of the first case occur in other cases and as a consequence, the need to generalise the findings (Saunders, 2015:230). That is multiple cases strengthen the results by replicating the patterns thereby increasing the robustness of the findings. On the other hand, Yin (2009:148) states that a single case study can only be used when the case is critical, unique, typical, revelatory and longitudinal. In this study, a unique MCXZ case was used to document the precise nature of the business strategies it employs for it to survive a challenging economy in Zimbabwe. The rationale was to have a deeper understanding of MCXZ as a unique case of an emerging company which survived the challenging Zimbabwean economy while most companies including the so-called well-established were closing or scaling down their operations due to the challenging economic climate.

In addition, using a case study affords investigators the opportunity to establish the underlying meaning of real-life events such as individual life cycles, small group behaviour, organisational and managerial processes and so on (Yin, 2009:4). The vital nature of a case study is to try to illuminate a decision or set of decisions: why they were taken, how they were

implemented and with what result (Yin, 2009:17). With this view, a case study enabled the study to establish the business strategies employed by MCXZ in a challenging economy. Though case studies do not claim to be representative the emphasis is on what can be learned from a single case. Saunders (2015) cautions researchers against relying on a single source of data. Therefore, before discussing data collection techniques that were used for this study, the importance of triangulation in this study is discussed.

3.5.3.1 Triangulation

Triangulation is the collection of data using a variety of methods (Maxwell, 2008). It helps the investigator to reduce bias and it cross-examines the integrity of participants' responses (Onwuegbuzie & Leech, 2007:239). During this process, the researcher compares information from literature, company reports, industry reports and newspapers sources to test the quality of the information and the person sharing it, to more completely understand the contributions made by each participant and to ultimately place the entire situation into perspective. This strategy for data collection reduces the risk of findings being biased and provides the researcher with a more secure understanding of the situation being studied.

The triangulation of data occurs when multiple theories, materials or methods are used. The three types of triangulation as cited by Onwuegbuzie & Leech (2007:239) were used in this study:

- *Data source triangulation*—That is using evidence from different types of data sources, such as primary and secondary research or interviews, documents, public records, photographs and observations. In this study, this was achieved since primary data (through interviewing top and middle managers at MCXZ) and secondary data (through company reports, books, articles, newspapers and national reports) was used.
- *Methodology triangulation*—Combining multiple methods to gather data, such as documents, interviews, observations, questionnaires or surveys, when conducting primary research, at different times and in different places. As stated above, this research study achieved this by employing two methods to gather data and these are semi-structured interviews and document analysis.

- *Theory triangulation*—That is using more than one theoretical approach (theory) to interpret and support data. This was achieved in this study as several theories were used to explain business strategies employed and the effects of the challenging economy.

According to Maxwell (2008:236) triangulation of data strengthens a research study as it increases credibility and validity of finding because of the following benefits:

- Additional sources of information often give more insight into a topic
- Inadequacies found in one-source data is minimised when multiple sources confirm the same data
- Multiple sources provide verification and validity while complementing similar data
- More comprehensive data is obtained
- Data and information is supported in multiple places/types of research, which makes it easier to analyse data to draw conclusions and outcomes
- Inconsistencies in data sets are more easily recognised

3.6 DATA COLLECTION

The interview method is an important data gathering technique involving verbal communication between the researcher and the participant using a set of pre-planned core questions. Interviews can be very productive since the interviewer can pursue specific issues of concern that may lead to focussed and constructive suggestions. Saunders *et al.* (2015:325) advised that the use of interviews can help the researcher to gather valid and reliable data that are relevant to the research questions and objectives. The main advantages of the interview method of data collection are that:

- Direct contact with the users often leads to specific, constructive suggestions,
- They are good at obtaining detailed information,
- Few participants are needed to gather rich and detailed data.

Depending on the need and design, interviews can be unstructured, structured, and semi-structured with individuals, or may be focus-group interviews. Three types of interviews namely unstructured, structured and semi-structured are discussed below:

Unstructured Interviews - the unstructured type of interviews allows the interviewer to pose some open-ended questions and the interviewee to express his/her own opinion freely. This requires both the interviewer and the interviewee to be at ease because it is like a discussion or brainstorming on the given topic. The direction of the interview is determined by both the interviewee and interviewer, not predetermined. According Saunders *et al.* (2015:330) unstructured interviews make it difficult to standardise the interview across different interviewees, since each interview takes on its own format. However, it is possible to generate rich data but it can be time consuming and difficult to analyse the data.

Structured interviews - structured interviews use a set of predetermined questions which are short and clearly worded. In most cases, these questions are closed and therefore, require precise answers in the form of a set of options read out or presented on paper. This type of interviewing is easy to conduct and can be easily standardised as the same questions are asked to all participants. According to Saunders *et al.* (2015:330) structured interviews are most appropriate when collecting quantifiable data, they are also referred to as ‘quantitative research interviews’.

Semi-structured interviews - This method of interview has features of both structured and unstructured interviews and therefore use both closed and open questions. As a result, it has the advantage of both methods of interview. According to Saunders *et al.* (2015:330) consistence with all participants, can be achieved through using a set of pre-planned core questions for guidance, such that, the same areas are covered with each interviewee. As the interview progresses, the interviewee is given opportunity to elaborate or provide more relevant information if he or she opts to do so.

In the current study, the researcher used face to face semi-structured interviews and literature such as books, articles, and company and industry documents or reports to produce qualitative

data and achieve triangulation of findings. Generally, triangulation can only be attained if the researcher employs evidence from different sources to corroborate the same fact or findings within one study such as the use of primary and secondary data. For secondary data, document analysis was used in this study

Document analysis - Document analysis is a form of qualitative research in which documents are interpreted by the researcher to give voice and meaning around an assessment topic (Bowen, 2009). Analysing documents incorporates coding content into themes similar to how focus group or interview transcripts are analysed (Bowen, 2009). Document analysis is a social research method and is an important research tool in its own right, and is an invaluable part of most schemes of triangulation, the combination of methodologies in the study of the same phenomenon (Bowen, 2009). In this study, the researcher used annual reports, company and industry reports, government policies, articles and books in order to understand the context of the business strategies, challenging economy and how they overcome the challenges. The rationale for using document analysis was that, it is an efficient and effective way of gathering data because documents are manageable, practical resources, accessible and reliable source of data. In addition, the use of document analysis affords data triangulation through using of different data sources and methods.

Maxwell (2008:236) argues that triangulation affords the researcher a better understanding of the judgment of validity and generality of the explanation that has been developed. Furthermore, the utilisation of triangulation in a single case enhances the quality and validity of findings as the use of multiple sources help to facilitate a deeper understanding of the case. As Creswell (2014) explains, triangulation is one of the most important ways to prove the trustworthiness of qualitative research findings. In addition, it enables the researcher to produce bias free data and increase the rate of certainty of the research findings. For this study, the documents that were targeted for secondary data included reports, policies, newsletters, books, newspapers, magazines, journals and archival materials.

3.6.1 Selection of participants

This section describes the number of participants and the selection of the participants for the study.

3.6.1.1 Sampling

There are two main categories of sampling methods which are probability and non-probability sampling methods (De Vos De, Strydom, Fouche & Delport, 2005:193-199). Probability sampling or representative sampling is based on the premise that the chance or probability of each case to be selected from the population is known and is usually equal for all cases (Saunders *et al.*, 2015:224). This technique is based on the randomisation principle, wherein the procedure is so designed, which guarantees that each and every individual of the population has an equal selection opportunity. This helps to reduce the possibility of bias and most significantly, the results obtained from probability sampling can be generalised from the survey sample to the target population. Saunders *et al.* (2015:230) add that generalisations about populations from data collected using any probability sample are based on statistical probability. That means the larger your sample's size the lower the likely error in generalising to the population. Probability sampling can be achieved through the use of the following methods: single random sampling, stratified random sampling, systematic sampling, cluster sampling and multi-stage sampling.

In contrast, in non-probability sampling or non-random sampling all the individuals of the universe are not given an equal opportunity of becoming a part of the sample. Under this technique, there is no probability attached to the unit of the population and the selection relies on the subjective judgment of the researcher. Therefore, the conclusions drawn by the sampler cannot be inferred from the sample to the whole population. This is the major weakness for non-probability sampling. However, Saunders *et al.* (2015:234) elaborate that with non-probability sampling generalizations are being made to theory rather than about a population. The methods of non-probability sampling are: quota sampling, snowball sampling, convenience sampling, self-selection sampling and purposive sampling.

This research used the non-probability sampling method because it is qualitative and the most suitable and appropriate sampling method. According to Salkind (2014:178) non-probability sampling is any sampling method where some elements of the population have no chance of selection. Nevertheless, it involves the selection of elements based on assumptions regarding

the population of interest which forms the criteria for selection. Hence, the units of the sample are selected on the basis of personal judgement. In this research study, it was vital for the researcher to employ personal judgment in selecting sample because the research problem and objectives required participants have in-depth knowledge of the business strategies employed at MCXZ in a challenging economy. After having a suitable and appropriate sampling method, it was vital to select the correct sample from the target population.

Salkind (2014:185) defines a population as a group of potential participants to whom you want to generalise the results of the study while a sample is a subset of that population. The population or study was all the employees of MCXZ, however the unit of analysis was only the top and middle managers of MCXZ at the Harare Head office. MCXZ had the population size of five top managers and eight middle managers at its Harare Head Office and all thirteen managers were used in the study. The company had top and middle managers in other provinces in Zimbabwe and outside Zimbabwe which are not a target population of the study due to distance and time. However, one top manager and one middle manager of Masvingo province branch were used in the pilot testing as discussed below on Section 3.5.2.

The chosen sampling frame was preferred given the qualitative nature of the study and as it responded well to the research primary and secondary questions. The researcher aimed to establish survival business strategies employed by MCXZ in a challenging economy through exploring the views of both top and middle managers. In addition, the number of participants in the sample was based on the guidelines provided by Saunders *et al.* (2015) which state that for a homogenous group, twelve in-depth interviews should suffice. Guest *et al.* (2006:59–82) studied the concept of saturation in purposive samples and they provide practical guidance for estimating sample sizes. They state that saturation is the point at which no new information or themes are observed in the data. In addition, Guest *et al.* (2006:81) found that “saturation occurred within the first twelve interviews”. Therefore, having twelve or more participants in a sample was adequate to achieve the research objectives of this study. In this study, after interviewing thirteen participants the researcher stopped collecting data because fresh data no longer sparked new insights or revealed new themes. According to Kerr, Nixon & Wild (2010:276) failure to reach data saturation has an impact on the quality of the research

conducted and hampers content validity. Yin (2010:88) however argues that in qualitative research “there is no formula for defining the desired number of participants”. Participants therefore should be selected in terms of the knowledge they have on the problem under investigation. In this study, a purposive sampling was used.

Johnson *et al.* (2014:239) state that the aim of purposive sampling is not to establish a representative sample but rather to identify key informants whose context-specific knowledge and expertise regarding the issues relevant to the research are significant and information rich. Purposive sampling gave the researcher the opportunity to select most appropriate participants that can answer research questions in detail and to meet the research objectives (Saunders *et al.*, 2012:283; Babbie, 2010). Consequently, top managers and middle managers were the most appropriate sample to meet the research objective of this study as both top and middle managers are involved in the strategic planning, implementation, and evaluation of business strategies in the organisation.

It is important to state that, the critics of purposive sampling argue that it can be highly prone to researcher bias. Babbie (2010) states that the idea that a purposive sample has been created based on the judgement of the researcher is not a good defence when it comes to alleviating possible researcher biases, especially when compared with probability sampling techniques that are designed to reduce such biases. However, to mitigate the bias, the researcher based her judgement according to the strategy-as-practice perspective which emphasised that top and middle managers are the strategists of the organisations (Louw & Venter, 2013; Johnson *et al.*, 2017; Ehlers & Lazenby, 2011). Hence, the researcher selected top and middle managers at MCXZ as these are the ones in the planning, implementation and evaluation of business strategies in strategic management process (Johnson *et al.*, 2017).

3.6.2 PRELIMINARY EXPLORATION (PILOT TEST)

A pilot test is defined as a mini-version of a research or a trial run conducted in preparation of a full-scale study and may be conducted specifically to pre-test a research instrument (Van Wijk & Harrison, 2013). Pilot test are useful in both quantitative and qualitative research.

Various authors have highlighted the importance of conducting a pilot tests. Pilot research is fundamental to any research as it serves the function of helping to detect possible flaws in the measurement instrument (Saunders, 2015; Watson, Atkinson, & Rose, 2007) and whether concepts have been adequately operationalised. This was achieved by pre-testing the instrument on a small number of participants having the same characteristics as those in the main study.

3.6.2.1 Selection of Participants for the Pilot Test

The researcher used the same criteria for the selection of participants as was used in the main study. The target participants in this study are top and middle managers at MCXZ's Harare Head Office. Therefore, pilot testing was conducted using one top and one middle manager working for the same company (MCXZ) but in a different branch in Masvingo province in Zimbabwe. The researcher, when conducting the pilot testing made effort to ensure that the setting, choice of participants and interview methods were as close as those intended in the main study as possible.

One way to ensure that validity is achieved in any research is to conduct a pilot test of research instruments. According to Calitz (2009) a pilot test of questions helps to identify unclear or ambiguous statements in the research protocol. Van Wijk & Harrison (2013) believes that pilot tests can add value and credibility to the entire research project. In essence, a pilot study helps to ascertain how well a research instrument would work in the actual study by identifying potential problems and areas that may require adjustments. The research instrument for this study was interviews and pilot testing was conducted in order to establish the following:

- Highlight ambiguities and difficult and unnecessary questions and discard or modify them.
- Record the time taken to complete the interview to determine whether it is reasonable.
- Determine whether each question elicits an adequate response.
- Establish whether replies can be properly interpreted in relation to the

information required.

- Determine whether the researcher incorporated all the questions necessary to measure all concepts.
- Allow the researcher to practice and perfect interviewing techniques.

In short, after conducting the pilot testing the researcher adjusted one question pertaining to the challenges in the operating context which was a repetition. Furthermore, the pilot testing enabled the researcher to practice and perfect the interviewing techniques and record time taken to complete the interview to determine whether it is reasonable before the actual interviews with top and middle managers at MCXZ.

3.6.3 SEMI-STRUCTURED INTERVIEWS

The study used semi-structured interviews to collect data. Five top and eight middle managers at MCXZ were interviewed. The use of semi-structured interviews provided helpful opportunity to attain first-hand information and knowledge of top and middle managers' perceptions and feelings of the business strategies employed, the effect of the challenging economy and the general performance of MCXZ which would have been difficult to come by; as getting information from top and middle managers can be very difficult especially if the matter involves company strategies in a highly competitive industry. Salkind (2014:271) explains that using semi-structured interviews would enable them to relax and lead the discussion into detailed information significant to the research problem and objectives. For the purpose of this study, the interviews were not recorded as the participants were not comfortable with this, citing that company information should be protected and that discussions on the challenging economy was a very sensitive and political matter. The researcher assured the participants that confidentiality is critical in this study as the research study is guided by the ethics regulations on anonymity and all responses from participants were documented accordingly. Semi-structured interviews were held from 5 to 22 June 2017 in Zimbabwe. Each interview was supposed to last for 45 minutes though with some top managers the interviews lasted more than 45 minutes as they were providing detailed and rich data on the business strategies of the company and the effects of the challenging economy.

With regard to the setting for the interview, the following measures were taken into consideration:

- The researcher ensured that each interview was conducted in comfortable, secure and private surroundings which were convenient to the participants. The Head of Department at MCXZ (also a participant) arranged the MCXZ boardroom as the venue for the interviews. The utilisation of the MCXZ boardroom during interviews was necessary to ensure that participants felt comfortable in their own surrounding and that whatever they said was not heard by anybody else during the interviews.
- The researcher assured all participants that the information they were providing was going to be treated in utmost confidence. This was achieved by protecting all participants' identification and by allocating a private number to each participant. In addition, the researcher sought informed consent by explaining the objectives of the study, confidentiality and the procedure that was to be adopted when conducting the interviews. Furthermore, participants were furnished with a letter of consent to read and sign and the researcher also signed it in their presence.
- The researcher made sure to serve as a facilitator who encouraged the interviewees to respond. This was achieved by taking a neutral stance and non-judgemental attitude towards them. In addition, the researcher assumed an invitational attitude by creating a friendly atmosphere where participants felt that they were the most important part of the project not just someone taking a test. The interviewees were also encouraged to request repetition of any question in the event that they did not understand a particular question. In instances where the interviewees did not give a satisfactory answer the first time the researcher asked question, the researcher rephrased it and continued doing so until a satisfactory answer was provided.

3.7 DATA ANALYSIS

For the purpose of this study, primary and secondary data was used. That is data was collected from interviews with thirteen top and middle managers at MCXZ and from literature pertaining to the research problem and objectives of the study such as books, articles, company and industry reports, government policies and documents. According to Wiid & Diggins (2013:220) the primary goal of data analysis is to convert the raw data that was gathered into relevant and useful information. This means raw data is meaningless, it must be prepared and processed to useful information that can be used to achieve the research objectives and solved the research problem. This research is qualitative in nature and semi-structured interviews and secondary data were used to obtain detailed data as already stated above. The main objective was to establish the business strategies employed by MCXZ in order for it to survive the challenging economy of Zimbabwe.

A qualitative coding system and Atlas.ti software were used in this study. The purpose of using qualitative coding method of data analysis in this study was to ensure a correct representation of data without destroying the meaning of data. The primary goal of Atlas.ti tool was to help the researcher to “locate and annotate findings in primary data material, to weigh and evaluate their importance and to visualise the often-complex relations between them” (Saunders *et al.*, 2015:616). In this study the researcher had used Atlas.ti to store, organise, manage reconfigure and systematically analyse the complex phenomena hidden in the qualitative data (Saldana, 2016). After the researcher had used Atlas.ti to perform the open coding, the researcher performed a manual review to verify the assignment of codes. The researcher found themes such as business strategies, growth strategies, innovation strategies, the effect of the challenging economy and the performance of the organisation in general. Most of the themes that were found are in correlation with the research questions. Still, the researcher still performed the actual coding by looking for specific and local themes and categories in the data.

Saldana (2016:3) & Salkind (2014:227) describe coding as a vital connection between data collection and the explanation of its meaning. According to Saldana (2016:4), coding which “involves summarising, distilling and condensing data is essentially an interpretive act and very good with secondary data”. Furthermore, Saldana (2016:5) emphasises that the aim of

coding is to organise and group similarly coded data into categories or families because they share some characteristics. In addition, Salkind (2014:227) notes that the rule for coding data is to ensure the use of clear and uncluttered codes in order not to lose the true meaning of data. The following steps of coding by Saldana (2016) were followed:

- First step, preliminary jottings were made as the data was produced. The researcher had a journal and note book these were used during interview and preliminary coding began after five participants were interviewed. The researcher jotted down all preliminary words and phrases from the interview data in preparing codes for future reference and this helped in providing a transitional link between raw data and codes. The aim was to search for relationships, similarities and differences from the answers given by participants.
- Second step, manual coding- Saldana (2016:29) explains that manual coding consists of several stages and starts with a process of pre-coding. For the current research, the researcher started the pre-coding by circling, highlighting, bolding, underlining or colouring rich or significant quotes or passages. They were referred to as “codable moments” worthy of attention. The striking quotes were ‘uncertainty in the business and political environment was unbearable,’ ‘business strategies have short life cycle,’ ‘the economy is not normal’, ‘business cannot continue like,’ just to mention a few. These data became key pieces of the evidentiary warrant to support propositions, assertions or theory and serve as illustrative examples throughout this research report.
- Third step is coding contrasting data (Saldana, 2016:23). When working with multiple participants in a study, it is useful to code one participant’s data first and then to proceed to the next participants’ data. The researcher started coding top managers’ transcripts and this was followed by middle manager’s transcripts. The aim was to ascertain whether there was seniority effect on the data provided by top managers and middle managers. However, contrasting data was found through work experience of the participants. Those with more number of years with the organisation in the challenging economy were more knowledgeable and provided valuable data than their counter parts. Bazeley & Jackson (2013:69-70) recommend that the second document

coded should contrast “in some important way with the first to maximise the potential for variety in concepts early in the process”. After about five transcripts had been coded manually, the researcher imported all the documents into the software program, Atlas.ti, to manage the large amount of data efficiently. A record of emergent codes was kept in a separate file within the Atlas.ti hermeneutic unit, which also contained the codes and content descriptions. Saldana (2016) states that Atlas.ti reduces the amount of potential mistakes and increases the consistency and transparency of the analysis process.

- After manual coding the next stage was the coding process to generate a description of categories or themes for analysis. Themes and categories should display multiple perspectives from individuals and be supported by diverse quotations and specific evidence (Saldana, 2016). In this study, the researcher highlighted themes and categories that appear to describe the business strategies employed, challenges of the economic climate, key success factors and so on. In addition, the researcher used the actual language of the participants in the coding process and also when presenting the findings of the study. The aim was to give participants a voice in presenting the research findings in Chapter 4. Charmaz (2008:94) elaborates that detailed line by line coding promotes a more trustworthy analysis that reduces the likelihood of imputing researcher’s “motives, fears or unresolved personal issues to respondents and to the collected data”.
- Finally, the researcher compared the extent to which data were supportive of the theory or not (Hsieh & Shannon, 2005:1282). The fundamental aspect was to determine how the information obtained in the study validates existing theory or contributed new perspectives to the understanding of business strategies employed, survival business strategies, the challenging economic environment, and overall business growth in the challenging Zimbabwean economy. In this study, interpretation of research findings or results was done using tables, graphs, participants’ quotations and descriptions to ensure better understanding of the research findings.

3.8 ENSURING VALIDITY AND RELIABILITY

In qualitative research, there is need to ensure validity and reliability of processes and findings of the study. Though, it partially dependent on the ability of the researcher to demonstrate the credibility of their research findings regardless of the discipline or method used for data collection. Validity and reliability in qualitative data can be achieved by establishing the concepts of trustworthiness, dependability, transferability and credibility as already discussed in Chapter 1.8.7. According to Saunders *et al.* (2015:165) qualitative validity is the degree to which the interpretations and concepts have mutual meanings between the participants and the researcher. Cresswell (2013:251) notes that validity is one of the strengths of qualitative research and is based on determining whether the findings are accurate from the standpoint of the researcher, participant or the readers of the account. Qualitative reliability, however, indicates that the researcher's approach is consistent across different researchers and different projects (Cresswell, 2014:251). For instance, if the results of a study can be reproduced under a similar methodology, then the instrument is considered to be reliable.

In this case, in order to ensure the validity and reliability of the content of the interview questions, the researcher conducted a pilot test as has already been stated in Section 3.5.2. It was done with one top manager and one middle manager from the same organisation (MCXZ) but in a different branch office in Masvingo province, Zimbabwe. The outcomes from pilot testing allowed the researcher to make necessary adjustment to the interview questions in order for them to meet the needs of the research problem. In return, good interview questions helped the researcher to get valuable data from participants.

The following processes for ensuring validity and reliability, legitimising the data, and finally lending credibility to the research report were used in this study.

3.8.1 Data triangulation

It entails the use of various data sources, and in this study, primary and secondary data were employed in a single case study. Semi-structured interviews and document analysis was conducted to ensure triangulation of data. A detailed exploration of the two research methods

has already been provided in the preceding sections of this study. Triangulation offered the following benefits for this study: it provided additional sources of valuable insight that could not be obtained from the literature review alone; it minimised the inadequacies of single-source research by engaging different data sources which complemented and verified each other, and it also provided richer and more comprehensive information in the sense that the researcher was able to draw information from various sources including the face-to-face semi-structured interviews which provided first hand, lived experiences of the principals.

3.8.2 Member checking

This is done when the researcher returns to the participants with the findings and/or interpretations to assess the accuracy. Member checking can increase rigour and trustworthiness which are described as descriptive triangulation. In this study, the researcher emailed a record of interviews to each individual participant to check for accuracy and indicate if there were changes to be made.

3.9 ETHICAL CONSIDERATIONS

Saunders *et al.* (2015:239) states that in the context of research, ethics refer to “the standards of behaviour that guide your conduct in relation to the rights of those who become the subjects of your work or are affected by it.” Leedy & Ormrod (2010) identify four categories of ethical issues. Each category has been critically analysed and assessed before being incorporated in this research, in relation to the needs and purpose of this study.

3.9.1 Protection from Harm

This study involved human beings, as such the semi-structured interviews conducted at MCXZ did not place any participants or community at risk (physical, social, economic, legal, psychological or dignitary harm) other than the normal, known risks of day-to-day employee-work relationships.

3.9.2 Right to Privacy

The names and details of all participants remained confidential and only numbers were used to identify participants throughout the study. To maintain the right to privacy, no audio and video recordings were used, as this was seen as an invasion of privacy and could have made respondents uneasy. Written records of each participant's responses were recorded and kept for further confirmation and verification. The results were collated and reported in such a manner that its content will not be traceable back to an individual participant.

3.9.3 Informed Consent

Informed consent was obtained from the respective parties involved prior to the research (Appendix C). The informed consent form clearly emphasised the fact that any participation in the study was strictly voluntary and importantly, every respondent was given the option to withdraw from the study at any time. Furthermore, participants were furnished with detailed information about the aim of the research, duration of the research, procedure of the research and matters of anonymity. When sharing information on the nature of the study, care was taken not to disclose too much information, in order to avoid influencing the responses given. However, sufficient information was provided to enable MCXZ top and middle managers to make a reasonable, informed decision regarding their participation.

3.9.4 Honesty

The researcher is committed to collecting and reporting all findings openly, honestly and completely. The researcher did not manipulate or mislead the participants in an attempt to influence the results. The researcher was dedicated to ensuring that the interviews conducted, data analysed and results collated are accurate and fair. All sources of information were fully acknowledged either as the participant's views, company specific documents or material published by other researchers and scholars

The study was guided by the research policy and guidelines set by the UNISA ethics committee (UNISA Research Ethics Policy, 2012) throughout the research. The researcher

was granted permission to continue with the study from Unisa's College of Economic and Management Sciences Research Ethics Committee.

3.10 SUMMARY

This chapter outlined the research design for the study as the blueprint for deciding how to establish the business strategies utilised by MCXZ for it to survive the challenging economy. A qualitative single case study research design was employed to understand the unique case of an emerging company which survived the challenging economy while most companies were closing down or scaling down their operations. Primary and secondary data were used in order to achieve the triangulation of findings. Data production methods employed, which included data location, participant selection and data production techniques were described. Thematic coding and the reporting style as part of data analysis were also set out. The chapter concluded with a discussion of the criteria applied to evaluate the quality of the research in this study, as well as research ethics considerations.

The next chapter will discuss the business strategies employed by MCXZ for it to survive the challenging economy basing the discussion on the data that was collected and analysed using the methodological techniques that were discussed in this chapter.

Chapter 4

PRESENTATION OF RESEARCH FINDINGS

4.1 INTRODUCTION

This chapter presents the results that were obtained from a single case study and vast literature review that was carried out to address the main research problem which was:

To establish what business strategies were employed by Mobile Company X Zimbabwe (MCXZ) in order for it to survive in the challenging economy in Zimbabwe.

As revealed in the main research question of the study, this research focused on business strategies employed by MCXZ to survive the harsh economic, political and business environment that prevailed in Zimbabwe, that forced many companies to close or scale down as already stated by (Robertson, 2014; Chikafa, 2014) in Chapter 1.2.2. While this challenging situation prevailed, MCXZ remained stable and was expanding and for this reason, it is critical to establish the business strategies employed by MCXZ to survive such a challenging economy. In order to address the main research question above, the following research sub questions were investigated

4.1.1 RESEARCH SUB QUESTIONS

The research sub questions that this study has been attempting to address during the course of the research are:

- What business strategies are being employed by MCXZ for it to survive in the challenging economy?
- What are the threats posed by the challenging economic climate to MCXZ?
- What is the effect of business strategies employed by MCXZ?

- How do government policies affect business strategies employed by MCXZ?
- How has MCXZ managed to overcome the challenges posed by the Zimbabwean economy?

4.1.2 RESEARCH OBJECTIVES

The purpose of this study was achieved through the attainment of the following research objectives:

- To establish the business strategies employed by MCXZ for it to survive in a challenging economy.
- To explore the effect of business strategies employed by MCXZ.
- To examine how government policies affect business strategies employed by MCXZ.
- To establish how MCXZ overcame the challenges posed by the Zimbabwean business environment.

4.1.3 THE RESPONSE RATE

There were thirteen top and middle managers at MCXZ Harare, Head office and they all participated in the research as stated in Chapter 3.3.3.1. The Chief executive officer was not part of top managers and did not participate in the study. MCXZ gave permission for the researcher to request all thirteen (13) top and middle managers to participate in the study. All managers consented to participate in the study as discussed in Chapter 3.6.1.2. This gives a 100% rating to the feedback process. Participants' names were not disclosed in the study in order to protect their privacy. A semi-structured Interview questions guide (Appendix A) was used during the interviews.

4.2 FINDINGS OF THE STUDY

This section presents the research findings of the study according to the research questions guide (Appendix A). The following research findings will be presented.

- Demographic information
- Organisation's performance in general
- Business strategies employed
- The performance of business strategies
- Specific targets set and how they were met
- Driving factors for strategic choice
- The effect of the banking crisis and financial situation in the economy
- Competition faced by MCXZ
- Customers in the challenging economy
- Unique skills needed for employees
- The effect of technology on the business
- Key success factors for surviving in the mobile industry
- The effect of government policies

4.2.1 DEMOGRAPHIC INFORMATION

The study sought to determine the positions and number of years top and middle managers served at MCXZ. It was critical to establish the experience and position of each participant at MCXZ in order to determine the level of organisational knowledge on business strategies employed, performance of the organisation and the effects of the challenging economy, each participant have. However, the top and middle managers will be referred to as participants (PAT) for the remaining findings. The findings are shown in Figure 4.1 below.

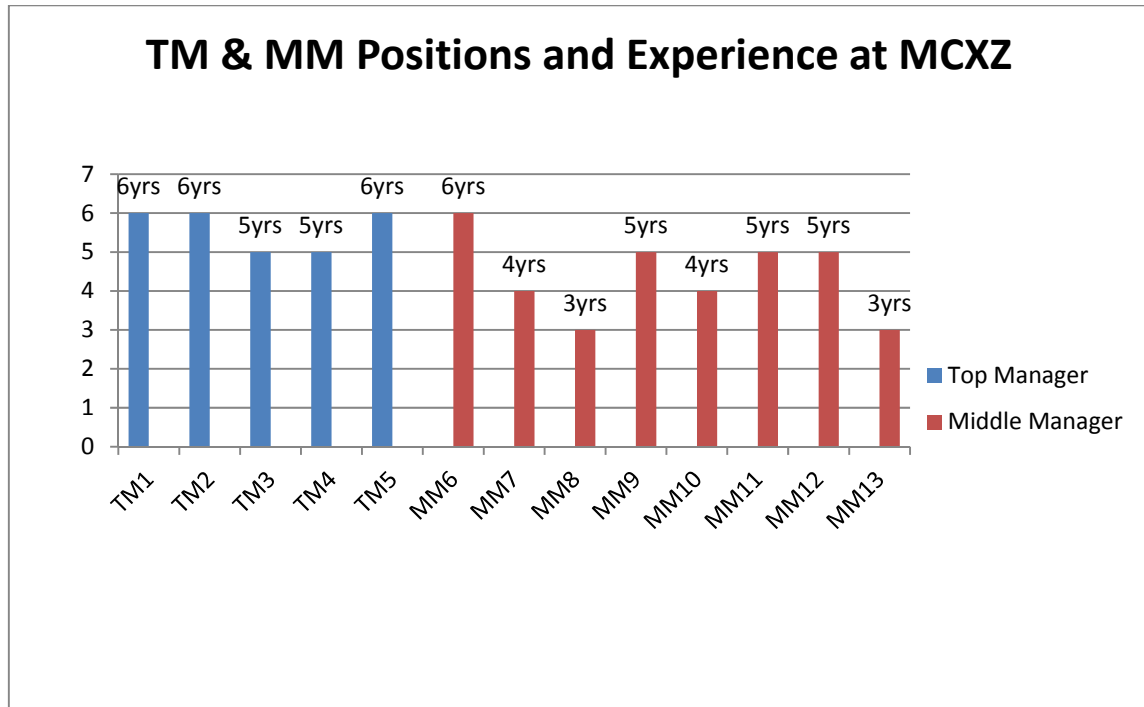


Figure 4.1: Positions and number of years served by each participant

Figure 4.1 illustrates that three top managers and one middle manager have been with MCXZ for 6 years, while two top managers and three middle managers have 5 years' experience at MCXZ. Then of the last four middle managers two have 4years while the other two have 3years' experience with the company. This clearly indicates that the outcome of the study has a high likelihood of being authentic since the sample group is composed of people who have a sound knowledge base of the company's culture, performance and its products and services and the strategic management of MCXZ.

4.2.2 EXPLAINING MCXZ'S PERFORMANCE IN GENERAL

The study sought to establish the perceptions of both top and middle managers on the general performance of MCXZ.

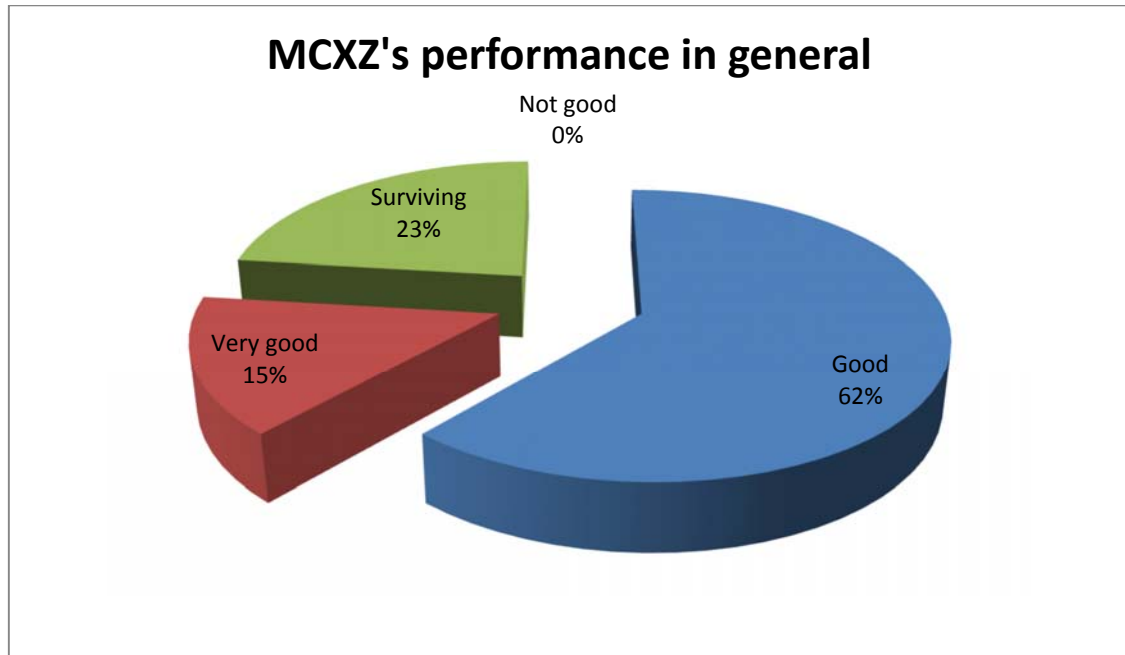


Figure 4.2: Performance of MCXZ in general

Figure 4.2 above illustrates that the majority of the participants (62%) believe that MCXZ's performance was good considering the challenging economy it is operated in. While, (23%) of the participants described MCXZ performance as surviving with only (15%) of the participants showing that the performance was very good. Following below is a selection of how some of the participants (PAT) described the performance of MCXZ:

PAT1 "Our performance is very good considering the economy, our sales figures are increasing well each year. Many companies are closing down and others are downsizing but here we are even employing more people. Recently we received an award for outstanding mature business in the continent and another one for the fastest growing ICT Company in the country"

PAT4 "We are growing, expanding to other provinces here and in the region and consumers like our products. That means generally we are performing well"

PAT7 “The economy is very bad and challenging, I am happy that we are surviving as a company. It’s been three years ever since employees got a pay increase and sometimes we are all paid half salaries just to survive”

PAT10 “Generally we are performing well. Our market share is increasing and we are selling more products even though things are tough in Zimbabwe”

The narratives from participants indicate that MCXZ is generally doing well. The participants show that the company is growing and it managed to expand to other provinces in the country and within the region. Furthermore, MCXZ is hiring more employees while other companies in such a challenging economy are closing down or downsizing. On the other hand, 23% participants indicated that the company’s performance is just surviving. They measured the general performance of MCXZ in human resource perspective as they pointed out that it is been three years without getting a pay raise and sometimes all employees are paid half salaries just to survive. However, from the overall responses, the general performance of MCXZ was good and participants gave credit to the business strategies they are employing.

4.2.2.1 MCXZ sales figures

Figure 4.3 below presents the MCXZ’s sales figures. According to the research findings from participants and MCXZ Annual Report (2016), it is evident that there was a tremendous increase in sales figures per each financial year from year 2013 to 2016.

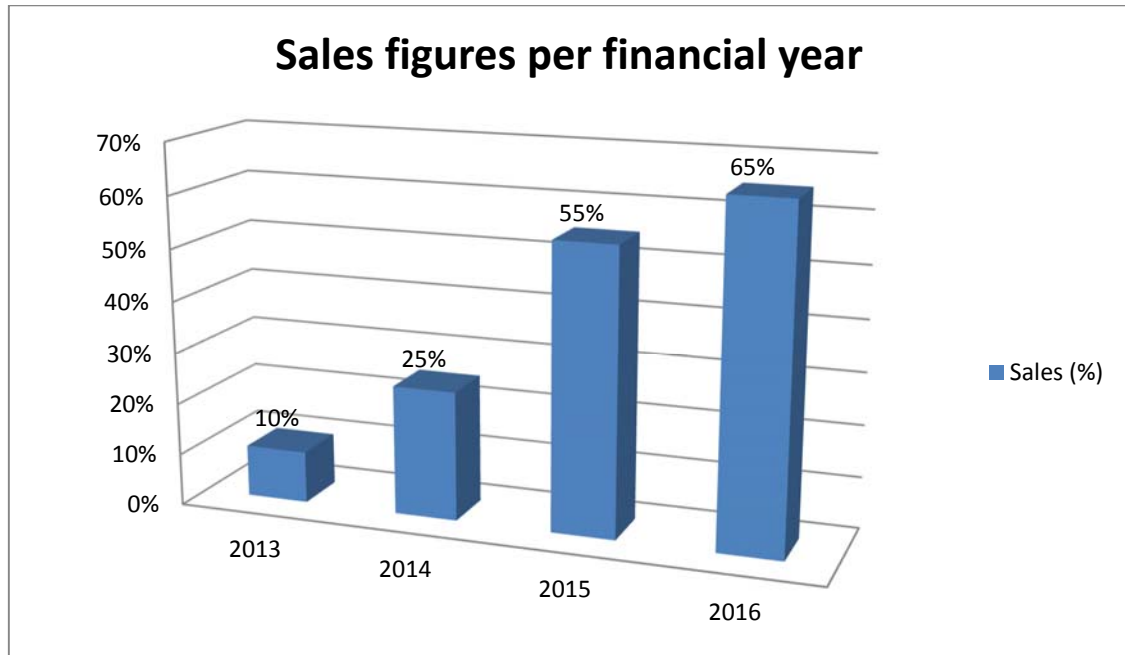


Figure 4.3: Sales figures per financial year

Source: Adapted from MCXZ financial statements (2016)

Figure 4.3 depicts that in year 2015 and 2016 MCXZ's sales figures were 55% and 65% respectively. While, in year 2013 and 2014 the sales figures were 10% and 25% respectively. The sales figures indicate that MCXZ was experiencing a marked increase in sales figures for each financial year, especially in year 2015 where sales figures increased from 25% to 55%. The research findings show that the increase in sales figures during this period was influenced by the business strategies they were employing and mostly, with the introduction of their premium smartphones which were different from competitors' products with unique applications and features.

In a nutshell, the research findings reveal that the general performance of MCXZ was good though (42%) top and middle managers were concerned that the challenging economy was slowing business down. However, there was need to establish the business strategies employed by MCXZ for them to achieve a good performance rating from participants, in a challenging economy.

4.2.3 BUSINESS STRATEGIES EMPLOYED BY MCXZ

Table 4.1 represents summary categories for business strategies employed by MCXZ according to the first order coding process. The table presents major themes, categories and meanings of each category.

Table 4.1: Summary categories for business strategies employed by MCXZ

Major Themes	Categories	Meaning
Theme 1: Growth strategy	Market penetration (100%) response	Growth business strategy can be achieved through using market penetration. The goal is to increase the market share of an organisation through intense marketing efforts of the current products in order to attract new customers.
	Market development (100%) response	The use of market development allows the organisation to concentrate on promoting successful products in new markets in order to achieve growth.
	Product development (100%) response	Product development enhances growth in the organisation through developing new products or modifying existing products so that they appear new in order to exploit opportunities in new geographic markets

		and new demographic segments as a way to increase market share.
	Strategic alliances (100%) response	Strategic alliance business strategy's goal is to increase the competitive powers of organisations through working together, sharing costs, risks and benefits. The key here is to achieve higher market share in the industry.

Table 4.1 illustrates a major theme, categories and meanings of business strategies employed by MCXZ in challenging economy. The research findings show that MCXZ is an emerging company as such it is only pursuing growth strategy. Nevertheless, all business strategies in Table 4.1 are discussed below according to the views of the participants.

4.2.2.1 GROWTH BUSINESS STRATEGIES

As mentioned above, all participants (100%) indicated that they are following growth business strategies. The participants revealed that MCXZ needs to grow and to be innovative, therefore, they were employing other business strategies in order to achieve growth. These business strategies are market penetration, market development, product development and strategic alliances. Some of the participants (PAT) said:

PAT5 "We are following growth business strategy because we want to grow, expand our business, produce more products and increase our market share."

PAT9 “MCXZ is an emerging company, we don’t have anything to defend therefore we just have to grow.”

PAT12 “Indeed we are pursuing growth business strategies using market penetration, product development, market development and strategic alliances.”

PAT4 “I know we are employing growth business strategies and innovation is rooted in all our business strategies.”

According to the participants’ narratives, MCXZ was employing growth business strategies through utilising market penetration, market development, product development and strategic alliances. For that reason, the researcher went further to try and establishes which business strategies worked well or which ones needed urgent change at MCXZ.

4.2.3 BUSINESS STRATEGIES THAT WORK WELL AND THOSE THAT NEED URGENT CHANGE

After the participants indicated the business strategies they are employing at MCXZ, the researcher wanted to determine the views of participants on the business strategies which worked well or those that did not work well and therefore needed urgent change. The participants indicated their perceptions by selecting “works well”, “on average” and those that need “urgent change” in Figure 4.4 below.

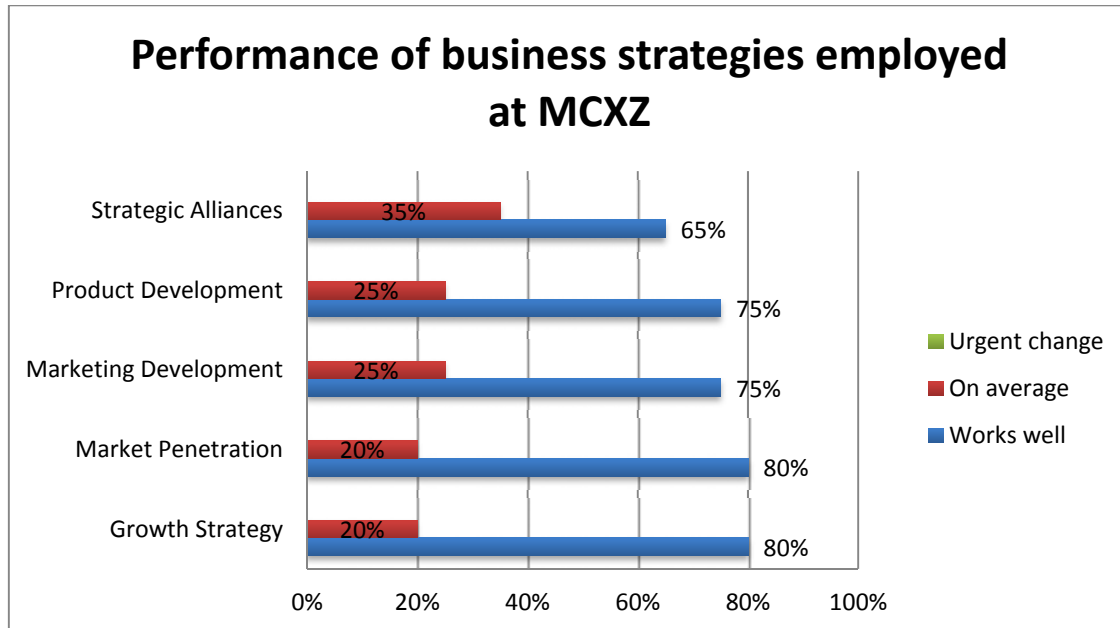


Figure 4.4: Performance of business strategies employed at MCXZ

Figure 4.4 depicts that the majority (80%) of respondents were of the view that growth business strategy and market penetration work very well as MCXZ managed to grow tremendously. Furthermore, product development and market development business strategies received (75%) work well response, while strategic alliances business strategies received (65%) work well responses respectively. While the majority of participants indicate that the business strategies work well at MCXZ, there are top and middle managers that were of the view the business strategies were functioning on average. The research findings show that only 20% of the participants indicated average on growth and market penetration business strategies citing that more needs to be done in terms of expansion, boosting profitability and improving competitive advantage. About 25% of the participants perceived product development and market development strategy as average. In addition, 35% of the participants indicated strategic alliances as being average for now as the company is still working on improving strategic partners in the challenging economy and in the region.

After analysing the views of participants pertaining to how business strategies are performing at MCXZ, the research will discuss each business strategy according to the responses of participants.

The responses to all the foregoing statements were overwhelmingly positive. Most of the business strategies are working well and did not need urgent change. In conclusion, the business strategies employed by MCXZ are working well considering that the company is operating in a challenging economy. This seems to confirm what Johnson *et al.* (2017); Louw & Venter (2013) said that emerging companies should focus on growth and innovation business strategies for them to survive the challenging economy.

4.2.3.1 Market penetration business strategy

During the interviews, most participants (80%) indicated that market penetration comes with the lowest amount of risk and requires less investment considering that the company was operating in an uncertain and rapidly changing business environment. The participants (PAT) said the following:

PAT2 “Yes the strategy is working well. It gives us the opportunity to sell more of our existing products to consumers through offering credit facilities to civil servants and through adding value to existing products such that many customers upgraded their handsets.”

PAT12 “In our product range, we have differentiated products for different segments such as premium mobile smartphones and bottom of the pyramid innovation handsets that were received very well in the market especially in townships and rural areas, due to their durability, affordability and long-lasting batteries. Innovation is at the heart of our business”

PAT13 “On new segments, we introduced affordable smartphones for students in colleges and universities with exciting designs, applications and features. However, most students are struggling to pay and with this, I think market penetration business strategy is on average”.

It emerged that through market penetration, MCXZ managed to gain market share by selling more products to existing customers. The narratives from participants revealed that they were using competitive pricing (affordability of products) and sales promotion (reduced prices on cash payments, special upgrades packages and zero deposit for credit facilities to all civil servants).

The research findings show that the market penetration strategy afforded MCXZ the capacity to increase existing customer usage through adding value to their products such as modifying handset designs to suit the needs of customers, introduce more applications and features. Through this initiative, most customers upgraded their handsets under the adding value campaign. However, for the students' segment, it was noted that the strategy is working on average because the uptake is very slow and some students are failing to pay their credits due to general hardships.

4.2.3.2 Market development business strategy

The research findings show that the market development strategy is working well at MCXZ. The purpose of market development was to explore new markets with MCXZ's exciting products. The participants (PAT) said:

PAT2 "We managed to expand our business to six provinces in the country and to open branches in four regional countries. Our products are received well in the new markets therefore, the market development business strategy works well."

PAT7 "The introduction of mobile agents affords the company an opportunity to sell and promote our products in remote and rural areas."

PAT9 "Market development business strategy works to some extent because the company was expanding the business on the expense of employees, as they are not getting any pay rise and sometimes do not get their full salaries in time."

PAT4 “The expansion in the region is not a measure of ‘growth’ but a way of acquiring foreign currency to sustain the Harare Head office operation.”

The statements from participants showed that through market development, MCXZ managed to open branches in six provinces in the country namely Bulawayo, Gweru, Masvingo, Chinhoyi, Bindura and Mutare. In addition, the products were received well in all provinces especially their standard mobile phones and smart phones which were designed to appeal to students and professionals at an affordable price than competitors with similar products. The organisation also introduced the use of mobile agents who operated in remote areas to promote and sell the products to the people. It emerged that the use of agents was a great success as they were on the ground to sell, promote and understand customer needs, in a sense following through on the company motto which says ‘it’s all about you!’ Participants furthermore, indicated that the company with the existing products ventured into new markets in the continent by opening branches in Malawi, Zambia, Tanzania and South Africa.

In contrast, some participants felt that market penetration was working on average, as expanding of business is not a measure of growth. But still, they mentioned that the market development business strategy did not need urgent change but there was need to ensure that the company ventures into segments that are more profitable within the country.

This concurs with the position of Johnson *et al.* (2014) that organisations that are successful in a specific line of business may find it easier to explore different markets as already discussed in Chapter 2.4.2.3. Therefore, MCXZ took advantage of their products performance in the current market and exploited opportunities in other markets in order to achieve growth.

4.2.3.3 Product development business strategy

The research findings reveal that 75% of participants viewed the product development business strategy as working well and does not need urgent change. The participants (PAT) stated the following:

PAT1 “The strategy works well because the company managed to produce differentiated premium smartphones for professionals, which was a resounding success. While, through bottom of the pyramid innovation the company produced value for money products to cater for many people stricken by the general hardships of Zimbabwe.”

PAT6 “The strategy is working on average because our research and development unit is underfunded and this has adversely affected the product development business strategy.”

PAT11 “It works well because we have managed to produce products what consumers want. People do not have money; electricity is a problem and most people prefer using two mobile lines. We produced a valuable smartphones and handsets which are affordable, have long lasting batteries and have dual sim to accommodate two mobile lines.”

According to participants’ views, the product development business strategy is working well at MCXZ. The company managed to produce premium, differentiated smartphones, which are competitive in the market. For example, “The Smartphone Note’ (name changed for anonymity) smartphone with unique features such as fingerprint sensor and infrared, something that some smartphones in the industry do not have and was meant for executives in both private and public sectors” said participant 12. The smartphone was a success and it boosted the sales figures above their target for that financial year (MCXZs Annual Report, 2015).

The company managed also to manufacture bottom of the pyramid products that are cheap, durable with long lasting batteries and dual sim cards. The mobile phones met the personal needs of people faced with economic hardships and severe shortage of electricity in Zimbabwe. Based on the findings, it can be said that the product development business strategy is working well as all the smartphones have been received well in the market, especially the bottom of the pyramid handsets became the most popular brand and ‘cash cow’ of the company. Through product development, redesigning and modifying of products, the company managed to keep up the pace with rapid changes of handsets. The findings show that product development was working well at MCXZ.

However, about 25% of the participants felt that the product development business strategy is working on average. Their major concern was that the research and development unit in the company is underfunded and there was a shortage of expertise to fully utilise the unit. They further, mentioned that for product development to be successful, our research and development should be effective and functioning to capacity. One top managers believed that there are opportunities in the challenging economy, which can be exploited through a vibrant research and development unit. In short, the product development strategy was working well and did not need urgent changes although there was need to adequately fund the research and development unit, for it to be competitive in the challenging economy.

Louw & Venter (2013:343) state stated that the rationale for product development strategy is to attract satisfied customers to try new products because of their positive experiences with the organisation's existing product. Taking into account that the organisation is operating in a challenging economy, employing the product development strategy enables it to continue to attract new customers.

4.2.3.4 Strategic alliances

During the interviews, (65%)of the participants stated that strategic alliances strategy is working well and does not need urgent change. Participants (PAT) stated that:

PAT5 "We form distribution partnerships with major retailers and mobile telecom providers in the country. We are happy our products can be easily accessible with consumers.... the strategy is working well"

PAT8 The strategy is working to some extent because the distribution partnerships we have with major retailer and network providers in the country is not producing much results because all our competitors are using the same distribution channels"

PAT10 "We partner with banks and government to collect our payments through them, it's working well."

The narratives from participants show that the strategic alliance business strategy is working well at MCXZ. The company managed to transform its distribution model by securing partnerships with large retailers, mobile network providers in Zimbabwe, Airtel in Zambia and MTN in South Africa. “The new distribution partnerships afford MCXZ the opportunity to sell its products in every market where these telecoms and departmental stores operate in Zimbabwe and the region” said participants 3 and 10. These new distribution partnerships model helps the company to mitigate the cost of distribution through a working arrangement with retailers that already have an understanding of specific market segment. Through strategic alliances, the company has arrangement with banks and government to deduct their payments from customer’s account and salaries accordingly. Strategic alliances enabled the company to increase its market share and sales according to participants.

However, about 35% of the participants viewed strategic alliances as working on average, citing that some of the partnerships are not yielding good results and that some changes were needed. It emerged that the distribution channels they are using within the country are also the same as those that are used by competitors and there is no specialised personnel to promote MCXZ products. “As a result, sales figures from these distribution channels are still low and more needs to be done to promote our products” according to participant 10.

In short, the strategic alliances business strategy is working well and only need some improvement to ensure better results that will enhance organisational growth. This is in line with the Chapter 2 .2.9 discussion and what Hough *et al.* (2007:386) revealed that effective strategic alliances assist partners to invest in developing a common orientation to achieve individual and mutual goals and objectives.

4.2.4 HAVE YOU BEEN ABLE TO MEET THE SET TARGETS?

The study wanted to establish whether the participants have been able to meet set targets at MCXZ and if not, why? The participants indicated by choosing option “Yes” or “No” in Figure 4.5 below.

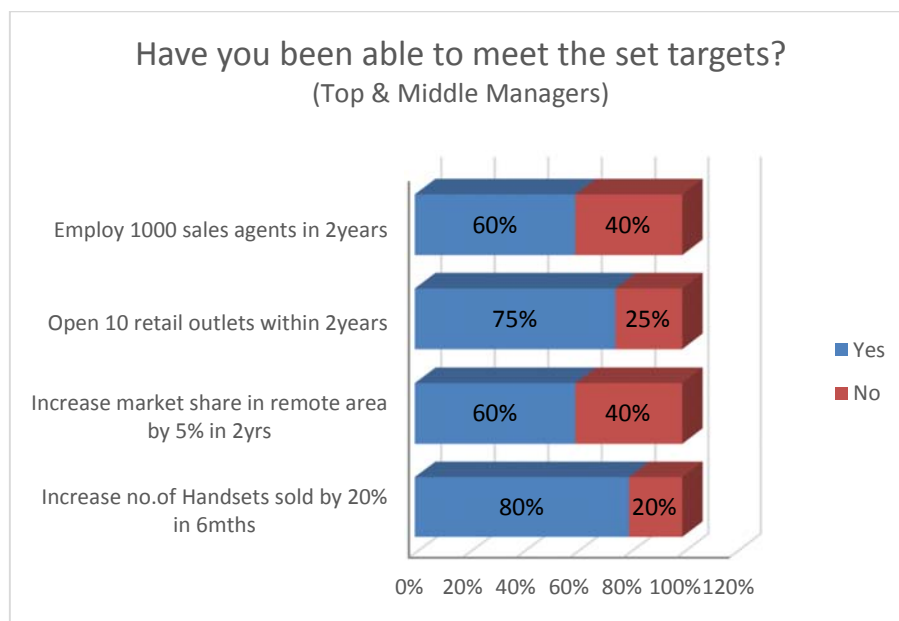


Figure 4.5: Set targets at MCXZ

Figure 4.5 highlights that the company managed to meet some of the set targets but failed to meet others. The majority of the participants (80%) indicated that they managed to increase number of handsets sold by 20% in 6 months. While (20%) of the participants stated that the set target was not met because half of handsets were sold in other branches in the region. Participant 4 said “here in Harare we managed to increase the number of handsets sold by 15% and I do not think we met the target” In addition, (75%) of participants showed that they met the set target for opening ten retail outlets within two years. Whilst (25%) felt that set targets are not met because two of the retail outlets are not yet fully functional. “I think there is no need for other outlets at the moment because we are also using different distributing channels to sell our products,” said participant 4. About (60%) of participants indicated that they met set targets on number of mobile sales agents employed and increased rural market share by 5% in within two years. While (40%) of the participants felt set target was not met because only half of the sales agents were employed and the company has not even covered many rural areas in the country. Participants (PAT) said the following:

PAT1: “Due to rapid changes in the challenging economy some set targets were over taken by events.”

PAT2: “We experience short cycle of implementation of strategies and competitive advantages do not last.”

The narratives from participants showed that due to rapid changes in the challenging economy some of the set targets became redundant before they could be fully achieved. However, the research findings show that generally set targets were met at MCXZ and the company's performance was good though one or two departments were still struggling to perform well.

4.2.5 WHEN FORMULATING BUSINESS STRATEGIES, WHAT FACTORS DO YOU CONSIDER MOST?

The researcher wanted to establish the factors that influence the strategic choice in the challenging economy. The participants (PAT) said the following:

PAT5: “It's difficult to say, this is not a normal economy but we follow our vision and determine what customers want and how competitors are doing.”

PAT11: “Scanning the environment is crucial but unfortunately, with this economy formulating and implementation should be done along before the strategy is redundant.”

PAT13: “For us we consider our strengths and weaknesses and the opportunities and threats presented by the economy. Furthermore, we take into account the key success factors but the most crucial factor is to satisfy the needs our customers”

The views from participants indicate that uncertainty and changes in the economy are very high and make strategic choice very difficult. It merged that MCXZ's strategic choice is mainly influenced by following the vision of the company, establishing the strengths and weaknesses and opportunities and threats in the operating context. Furthermore, the fundamental factors are how to meet consumer needs, how to perform better than competitors and how to meet the key success factors of the industry. “It is vital to formulate good strategies but, in this economy business strategies only work as guidelines, what is crucial is to be

flexible and have the capacity to adapt to changes quickly” said two top managers. The research findings reveal that at MCXZ top and middle managers meet twice a week to review their business strategies and to establish ways to improvise if need be. The participants revealed that with the uncertainty in the challenging economy, most options prescribed in strategic management books did not apply in the Zimbabwean economy. Nevertheless, some of the factors they consider in formulating their business strategies are in line with Grant (2010) who states that customer needs, competitor performance and strength of the company are to be considered.

4.2.6 THE EFFECT OF THE BANKING CRISIS AND FINANCIAL SITUATION ON BUSINESS OPERATIONS

The study wanted to determine how the banking crisis and financial situation affected the operations and business strategies at MCXZ. Figure 4.6 below depicts how the banking crisis and the financial situation affect MCXZ’s operations.

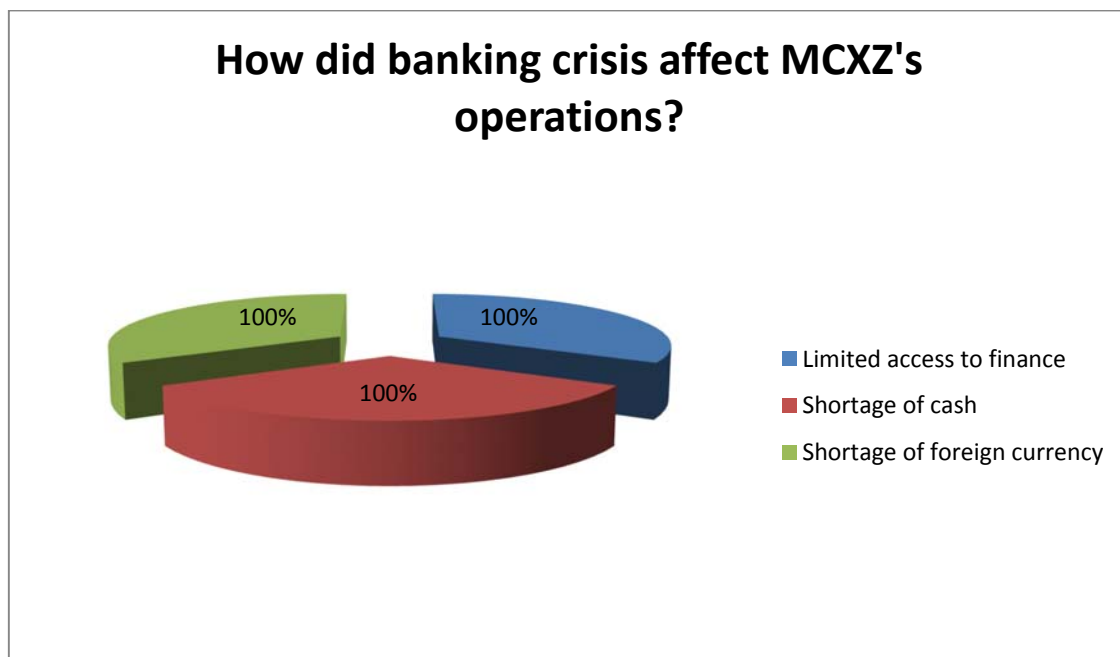


Figure 4.6: Effect of banking crisis on MCXZ operations

Figure 4.6 illustrates that all participants (100%) share the same sentiments that the banking crisis and financial situation in the challenging economy indeed strongly affected the operations and business strategies of MCXZ. Participants highlighted three fundamental challenges as shortage of cash and foreign currency and limited access to finance.

4.2.6.1 Liquidity crunch

There is a severe shortage of cash in the country, which makes it difficult to do cash transactions and to sustain any business.

PAT3 “There is no cash in the country, you have money in the bank but banks don’t have cash to give you.”

PAT4 “The only option is to sell our products on credit, which is a bad move because many people don’t honour their payment.”

PAT13 “Some of our suppliers’ demand cash payments, of which on black market they are selling cash. You wonder how the government and reserve bank are doing without controlling such corruption.”

All thirteen participants stated that shortages of cash in the country have affected business operations at MCXZ and the company is forced to sell products on credit and stop orders. It emerged that selling products on credit is not a bad practice in a normal economy, but in a challenging economy the risk is very high. “Many companies are closing down leaving many employees stranded and unable to settle their debts with MCXZ,” said participant 5. Participants also mentioned that customers end up not paying for the products bought on credit and the company suffers a huge debt in return. Shortages of cash have affected our relationships with local suppliers, as they are demanding cash payments and the company did not have the cash. “Cash is sold on black market at exorbitant prices, as a company it is unethical and very expensive to run a business with black market cash” said participant 10. The research findings show that the banking crisis is a major challenge on many companies

similar to MCXZ in Zimbabwe. For example, for the little cash they get from sales, they cannot bank it because they may not get it again. Companies are risking by keeping their cash. “It’s a huge risk we are willing to take” said participant 5.

The researcher noted during interviews that participants were frustrated when discussing the cash shortage matter. Furthermore, cash shortages have negative effects to the company’s performance by increasing bad debts (MCXZ Report, 2016). In addition, employees are spending much time queuing on banks to get little cash for transport.

It is also true that in every crisis there are opportunities. The shortage of cash had negative effects on the business operations of MCXZ but it also created an opportunity for the company through mobile money transfers. Participants revealed that mobile money transfers such as Ecocash (a subsidiary of Econet Wireless Zimbabwe) are the source of cash payments in Zimbabwe. Consumers need handsets, which are durable, affordable and have long lasting batteries for their mobile money transfers. As a result, MCXZ experienced a sharp increase on the sales of their bottom of the pyramid handset because of its properties particularly the long-lasting battery which alleviates the problems of power shortages and thus meet the needs of the consumers. In addition, MCXZ also experienced an increase in its other products as consumers were using mobile money transfers to pay in full.

4.2.6.2 Shortage of foreign currency

Despite the dollarisation of the Zimbabwean economy in 2009 and the introduction of multi-currencies by the Zimbabwean government, there is still a severe foreign currency shortage in the economy. Companies similar to MCXZ have been negatively affected due to their reliance on imported raw materials from China. Below are some of the narratives from participants (PAT):

PAT1 “Foreign currency is a necessity in our business operations, we import raw material from China and our final products are produced in China. It is a major setback to our business and strategies.”

PAT12 “In terms of the foreign currency allocation, mobile phones are at the bottom of foreign currency priority list regulated by the Reserve bank of Zimbabwe.”

According to the participants’ narratives, shortage of foreign currency was a major challenge because MCXZ imported most of their raw materials and their mobile phones are manufactured in China as stated in Chapter 2.3. MCXZ has to apply to the Reserve Bank of Zimbabwe in order to get foreign currency and they are at the bottom of foreign currency priority list because mobile phones are classified as a ‘luxury’ not a necessity. The participants indicated that this is devastating because the government is preaching about promoting ICT penetration in the economy while they are classifying mobile phones as luxury items. The research findings showed that MCXZ waited for longer periods before receiving its allocation. This resulted in delayed payments to suppliers and manufacturers in China. This has also affected the performance of the company as “they allocate all the foreign currency in their reserves on importing raw materials and manufacturing while sacrificing other operations,” said five top managers. Consequently, the company is not operating at an optimal level due to shortage of foreign currency.

4.2.6.3 Limited access to credit lines

Government and banks are failing to finance or support companies financially. There is limited access of credit because of the banking crisis in the challenging economy. Participants (PAT) said the following:

PAT3 “We need money to boost our capital and to support our research and development unit. Banks and government are also struggling. It is not a normal situation for business.”

PAT11 “The only credit lines available are expensive due to high interest rates and short repayment tenure.”

During the interviews, the researcher established that in a challenging economy, the major setback for companies like MCXZ is limited accesses to credit lines. All thirteen participants stated that due to the shrinking economy in Zimbabwe, there are no business-friendly credit lines to finance new projects, boost capital or to finance their research and development unit which is inadequately funded as discussed on Chapter 4.6.4. The researcher also noted that the few credit lines available in banks are very expensive due to high interest rates and short repayment tenure, which, was not a viable business move for MCXZ. Participant 11 revealed, “borrowing money with high interest rates was not good for MCXZ because it raises production costs which will result in charging high prices on the mobile phones which our consumers cannot afford”. All thirteen managers indicated that charging high prices on the products was not a good strategy in the challenging economy because consumers are demanding affordable products. It emerged that banks are in distress and suffered non-performing loans as already discussed in Chapter 2.3. Therefore, credit risk is a significant concern for banks, increasing their reluctance to lend (World Bank, 2015). Furthermore, international and regional lines of credit are few and subject to high-risk premiums, reflecting the perception of Zimbabwe as high risk due to the existing external debt payment arrears and debt overhang (Malaba, 2014). Consequently, participants attested that limited credit lines caused the company to struggle to operate at optimal capacity but just to survive in the challenging economy. “For example, MCXZ research and development team was under-funded and employees’ salaries are not increasing due to limited operational finances” said participant 8.

The World Bank (2015) revealed that access to finance is a key constraint to emerging company growth and without access to finance many struggle and fail to grow in challenging economies.

4.2.7. THE EFFECTS OF TECHNOLOGY ON BUSINESS OPERATIONS

In the ICT industry, what is the effect of technology on your business operations? For example, on-line purchasing or payment, fast changing applications and marketing.

Table 4.2: The effects of technology on business operations of MCXZ

Themes	Positive Effect	Negative Effect
1. Online purchasing or payment	<ul style="list-style-type: none"> • Affords MCXZ to do transactions with customers as there is a cash shortage in the economy. • Mobile payments increased sales on BOP handsets as they are now used as bank cards due to cash shortage. 	<ul style="list-style-type: none"> • Limited internet penetration due to poor infrastructure in the challenging economy. • Online purchasing and payments-public perception is very low due to limited regulatory policies to protect consumers. • Smartphones and internet data still very expensive for most consumers. • Not feasible due to the banking crisis in the economy.
2. Fast changing applications	<ul style="list-style-type: none"> • Customers continue to upgrade or buy new smartphones in order to keep up with the changing applications in the market. As a result, MCXZ sales will continue to increase. 	<ul style="list-style-type: none"> • Short life span on handsets as they become incompatible with new applications in the market, e.g. e-banking applications

		<ul style="list-style-type: none"> • Forced to adapt quickly to changing applications through R&D in order to meet customer expectations.
3. Marketing	<ul style="list-style-type: none"> • Easy and cheap to advertise on the internet using websites and social media platforms. • Increased potential market share as the products reach a wide range of customers on the internet. 	<ul style="list-style-type: none"> • Increase competition as consumers have time to compare products and prices of competitors. • Training and maintenance of website are expensive.

Table 4.2 depicts the effects of technology on the business operations of MCXZ according to participants' narratives. During the interviews it emerged that the effect of technology in areas such as on-line purchasing or payments, rapid change of applications and marketing was critical. There are positive and negative effects of technology on MCXZ business operation. For positive effects participant 9 said, "mobile money transfers increased our BOP products because it's now used as a bank card." In addition, two top managers stated that "consumers need mobile phones which are cheap, durable and have long lasting batteries". It was noted that the unforeseen strategies of employing mobile money transfers such as 'eco- cash' have afforded MCXZ an opportunity to effectively operate their businesses as the sales on their BOP products increased as in Chapter 2.5.1 and Section 4.8.1.1.

The cash strapped customers also used mobile money transfers to transact with MCXZ hence increasing their sales. In addition, to those consumers especially in some parts of urban areas with access to internet, the company found it easy and cheap to advertise their products online and social media platforms. However, the business environment in the challenging economy has poor telecommunications and internet infrastructure necessary for the development of a successful and vibrant e-commerce market place. For example, “regulatory policies to protect consumers, limited electricity supplies, poor roads and availability of secure internet services were other drawbacks” said participant 10 and 13. Two top managers said, “online purchasing and payment is not viable in the challenging economy because the banking system is in crisis”. Furthermore, limited internet penetration was another obstacle, as most consumers did not have access to internet, in order for them to uptake the new technologies in the industry. Eight participants stated that smartphones and internet data are very expensive for most of the consumers. Seven participants however felt that even for those who have access to the internet, “public perception on online purchasing and payment was very low due to inadequate regulatory policies to protect consumers”. Additionally, MCXZ was struggling to keep up the pace with the fast changing of applications hence most of their mobile phones are no longer compatible with the new applications. As a result, MCXZ was “forced to adapt quickly to the changing applications through the utilisation of research and development in order to avert product obsolescence” said participant 5.

It emerged that the government is promoting ICT in the country but with limited resources and political will, the country is still faced with digital divide. Most people in rural areas and some townships still do not have access to internet due to inadequate infrastructure, and to some, internet data and smartphones are expensive. The participants revealed that there are looking forward to implementing on line purchasing and payment in their business as soon as the economy becomes stable.

Fong (2009) described limited penetration of technology as digital divide. Digital divide is the uneven distribution of ICT access to segments or groups who have no or limited accessibility to technology. The implication of digital divide is to deny socioeconomic and ICT opportunities for both consumers and businesses in the industry (Fong, 2009).

4.2.8 KEY SUCCESS FACTORS OF MCXZ

The question wanted to establish the key success factors that MCXZ used to survive in the mobile industry? The findings are shown in Figure 4.7.

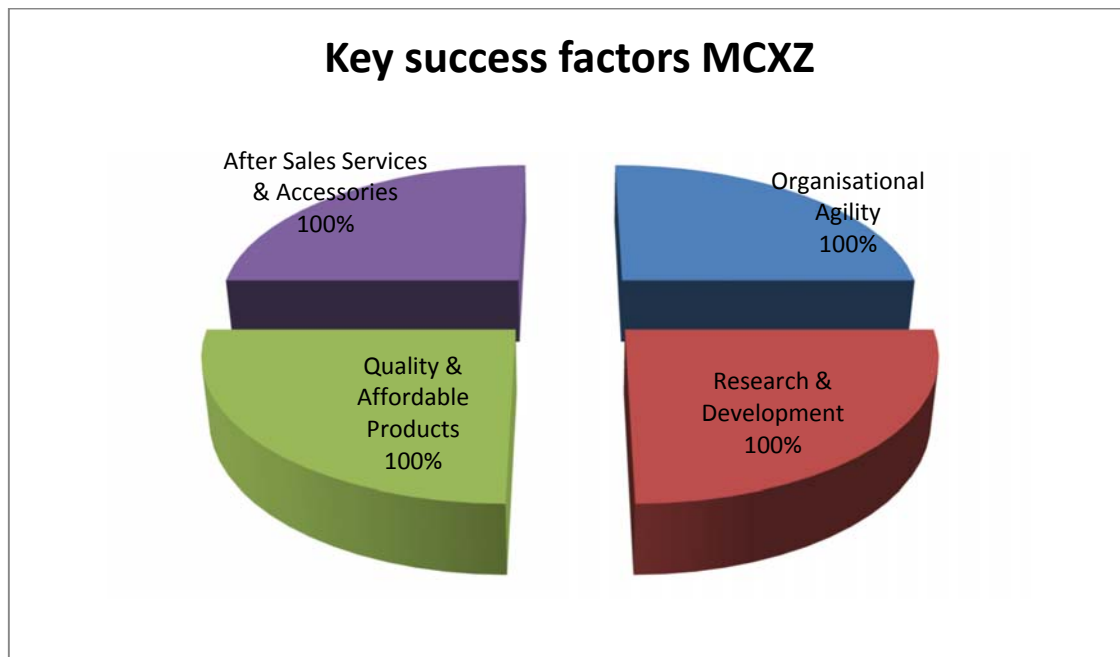


Figure 4.7: Key success factors of MCXZ

The Figure 4.7 depicts (100%) response from participants showing that organisational agility, research and development, product quality and affordability and after sales services and accessories are key success factors for MCXZ. These key success factors have already been identified in Chapter 2.2. The above mentioned key success factors are discussed below.

4.2.8.1 Organisational agility

It emerged that organisational agility was one of the main key success factors at MCXZ. Organisational agility is the capability to adapt promptly, effectively and sustainably in a

challenging environment in order to achieve performance advantages (Johnson *et al.*, 2017:460). The participants' narratives on organisational agility:

PAT3 "High uncertainty and rapid changes are the order of the economy here, therefore, we need to be flexible and make decisions all the times in order to keep up with the turmoil here."

PAT4 "Everything in the challenging economy has short life cycle, therefore we need to be agile in order to implement our strategies effectively."

PAT6 "Effective communication and having the right information at the right time is the key differentiator in the industry. That is, we should foresee drastic changes to policy, politics, customers and competitors for us to respond accordingly."

According to the narratives of participants, the challenging economy is characterised by high uncertainty and rapid changes, as such, they need to be agile in order to survive. It emerged that effective communication and getting the right information at the right time is fundamental. Participants revealed that government policies, politics, customers and competitors could change drastically with negative effect on the business strategies of MCXZ. Therefore, organisational agility is critical for the growth and performance of MCXZ as it enhances the capacity to adjust, adapt and implement strategies within the shortest possible time.

4.2.8.2 Research and development

Top and middle managers (100%) revealed that Research and Development (R&D) is a key success factor in the mobile phones industry due to high competition, rapid changes and advanced technologies as already stated in Chapter 2.4.3.1. Some participants stated the following:

PAT1 “Research and development is a must have in the mobile industry as customers have varied preference and they are demanding for differentiation.”

PAT10 “Research and development is very expensive and the company have limited resources but we just have to sacrifice in order to be competitive and satisfy our customers.”

PAT12 “In the mobile industry value for money products and services can only be produced through intensive research and development.”

It is evident from participants’ comments that research and development is crucial for the success of MCXZ in the industry. Consumers these days are knowledgeable, with varied preferences and therefore demand differentiation on products and services. Therefore, for companies to be competitive and to meet customer demands for differentiation there is need for research. In addition, participants mentioned that research and development is very expensive but important for the growth and success of the organisation. This is in line with Obradovic & Obradovic (2016:92) who state that research and development helps companies operating in a challenging economy to forecast future technology, competitor and customer trends in order to exploit opportunities in the market before competitors.

4.2.8.3 Quality and affordable products

All thirteen participants (100%) showed that producing quality and affordable products at MCXZ was crucial. Participants said the following:

PAT2 “Majority consumers are looking for products and services which are durable and affordable because people in general don’t have money.”

PAT9 “For us to be competitive in the industry we have to produce products and services which are affordable and of good value.”

MM13 “Durable products which are affordable is the only way to differentiate ourselves from poor and cheaper products sold by vendors and other distributors.”

It emerged that due to the challenging economy and very low consumer disposable income, consumers preferred to invest in mobile phones that are durable and affordable. Research showed that it was critical for MCXZ to produce competitive, quality, durable and affordable products in order to meet the expectation of consumers and the industry. In addition, it was fundamental for MCXZ to differentiate itself from street vendors and other competitors through producing value for money mobile phones. This is in line with Lee (2016) who urges companies to focus on mobile phones which are customer centric and provide better value to customers in order to mitigate the threat posed by low cost products which flooded the markets.

4.2.8.4 After sales service and accessories

It emerged that due to high competition in the mobile phones industry, after sales service and accessories became key success factors. As already mentioned at Section 4.6.4.2, consumers demand value for money products in the industry. Some of the participants said the following:

PAT4 “Knowledgeable consumers demand better service and value for money products, the only way is to provide them with effective and convenient after sales services and accessories.”

PAT9 “Another way to differentiate us with vendors and fly by night mobile phone companies. AS for us, we are here to serve our valued clients and create mutual relationships.”

The narratives from participants showed that customers need back up services such as guarantees and warranties on the products, free mobile phones repairs and services for a certain period, assistance on how to operate new applications and features and they need to have access to any accessories they need for their products. For that reason, after sales services

and accessories was a crucial key success factor that increased confidence and brand recognition in customers in the industry.

4.2.9 GOVERNMENT POLICIES WHICH HAVE A DIRECT EFFECT ON BUSINESS STRATEGIES

The study sought to determine the government policies that have an effect on the business strategies employed by MCXZ in a challenging economy. The document analysis in Chapter 3.6 affords the researcher to understand the government policies in detail.

Table 4.3: The summary categories of government policies that have an effect on the business strategies employed by MCXZ

Major Themes	Categories	Meaning
Government policies	Foreign currency priority	Exchange Control Directive RR: 101/2016 of The Exchange Control Act (Chapter 22:05). The directive is guides banks to follow the foreign exchange priority list in the distribution of foreign currency towards competing demands.
	Inconsistent import and export policy.	The Import Controls in Zimbabwe: statutory Instrument of 64 of 2012. The instrument introduced the duty free on all ICT equipment and products in the bid to promote the development and penetration of technology in the country. In year 2014 the Minister of Finance Mr Chinamasa removed the duty-free import on all ICT equipment and products and levied a 25% duty.

	Anti-dumping policy not in place.	Markets are shrinking and companies are closing due to lack of protection from government. Anti-dumping protection policy is not in place.
	Indigenisation Policy	On 9 March 2008, the Indigenisation & Economic Empowerment Act, Chapter 14:33 was passed. The policy entails that 51% of the shares of every public company and any other business shall be owned by indigenous Zimbabweans.

4.2.9.1 Foreign currency priority

During the interviews the participants stated that ever since the introduction of ‘bond notes’ as official currency in the year 2016, foreign currency shortages increased drastically. The Reserve Bank released a directive foreign currency priority list to be used by banks in distributing foreign currency. The aim of the policy was to ensure that available foreign currency is efficiently appropriated towards those sectors of the economy with capacity to generate the much-needed liquidity to fund the economy’s foreign payments (Reserve Bank of Zimbabwe. 2016:10). The participants said the following:

PAT1 “The foreign currency priority list is not fair and it’s a move to frustrate organisations without political backing. We have money in the bank so we should get foreign currency when we need it.”

PAT7 “At least we should have been on priority two after essential services not at the bottom ladder of the list because they want to classify mobile phones as luxury. That’s outrageous!”

According to participants, the foreign currency priority list classified mobile phones as luxury items and they placed them at the bottom of the ladder as discussed in Section 4.8.1.2. That means they have to wait for longer periods before foreign currency can be allocated to them.

“The policy affected us negatively as we rely heavily on imported ICT components and the final production of our handsets is done in China” said participant 10. It was noted that companies deposited US dollar cash in the banks and because of the crippling economy, for companies to withdraw their cash they have to apply according to the priority list. Participant 2 said “the list only applies for those who are not connected because some are just getting foreign currency to buy luxury cars or to sell on the black market” It shows that there is no consistency in the application of the Reserve Bank policies.

As a result, like most businesses which relied typically on foreign currency for their business operations to thrive, MCXZ sometimes is faced with delayed deliveries of the products according to participants.

4.2.9.2 Import and export policy

The research findings show that the government import and export policies are not favourable to the mobile industry. As stated above on Table 4.5, instrument 64 of 2012 introduced import free duty for all ICT equipment and products in order to promote the development and penetration of technology in the country. However, in year 2014 the Minister of Finance scrapped the import free duty and introduced a 25% levy on all ICT equipment and products (Zimbabwe Budget, 2015). The policy further stipulates that all imported products are charged exorbitant tax fares while tax incentives are given to all exported goods (Zimbabwe Revenue Authority, 2015). The aim of the government is to promote companies to produce products for export hence discouraging companies to import products in the country. However, MCXZ felt that they are a manufacturing company. “We design our products in the country and only send to China for final production,” attested top managers. In addition, “government should exempt us from import taxes because we are contributing to the economy of the country” said participants 4 and 6. The research findings showed that exorbitant import taxes paid by MCXZ, increased the production cost, hence raised the price of final products. “Affordability is key in the market and we cannot afford to lose that because of high import taxes” said one top manager.

4.2.9.3 Anti-dumping policy not in Place-Markets are shrinking

According to all the participants during the interviews the challenging economy forced many companies to shut down or to downsize hence raising the unemployment rate. “The cost of living is very high and consumers have less disposable income to invest on mobile phones as they focus more on standard basic needs,” said one top manager and other four middle managers concurred. It emerged that another challenge was the threat of cheap imitation mobile phones from China, sold by informal vendors which have flooded the markets. The research findings revealed that government does not have an anti-dumping policy in place to protect local companies. According to the Confederation of Zimbabwe Industries Report (2016), government is reluctant to put in place an anti-dumping policy to protect the local companies because they are protecting their relationship with China.

Participant 6 said “on the doorsteps of our retail shops there are vendors selling their cheap quality product at very cheap prices”. Participant 9 stated that “consumers don’t know the difference between fake products and original, as such we are losing money on promoting and educating consumers on the differences.” Without this policy in place, companies similar to MCXZ will continue to struggle in the mobile industry which is highly competitive.

4.2.9.4 Indigenisation Policy

The research findings showed that indigenisation policy was a good initiative from the government to promote indigenous Zimbabweans. However, it was noted that due to poor interpretation and implementation of the policy by politicians, it created negative signals in the economic environment. That means the policy scares away all foreign investors in the challenging economy. There by in the process negatively affecting businesses such as MCXZ who are in dare need of foreign partners and investors according to the participants.

4.2.10 COMPETITION FACED BY MOBILE COMPANY XZIMBABWE

The study wanted to establish what form of competition MCXZ was faced with. The participants were asked to identify their competitors and to give reasons why they are competitors? As stated in Chapter 1 and 2, names of the local mobile companies are not going

to be revealed in the diagram and discussion, as this will automatically identify the name of the company in this study. Therefore, the local mobile companies are identified, as ‘Local Co 1’ and ‘Local Co 2’. Figure 4.8 below there are two options, “strong competition” and “low competition” indicating the views of top and middle managers.

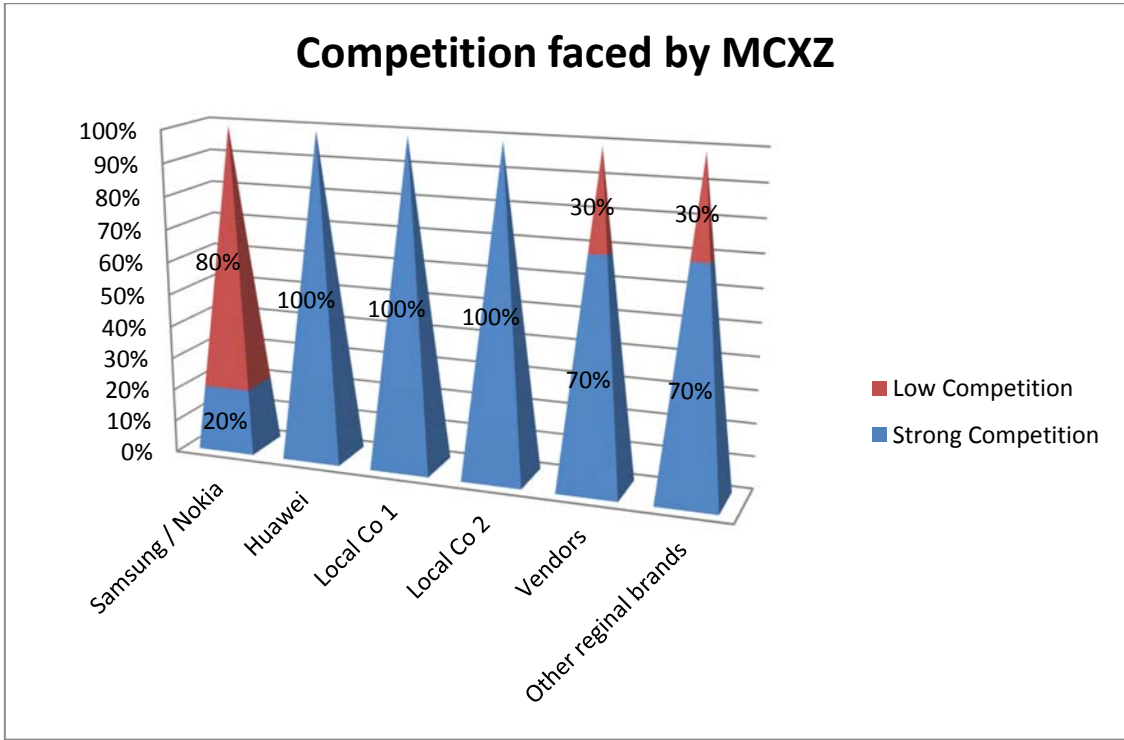


Figure 4.8: Competition faced by MCXZ

Figure 4.8 illustrates that all the participants (100%) showed that there was stiff competition from Huawei, Local Company 1 and Local Company 2 because their products are similar in terms of quality and affordability. Furthermore, they compete for the same customers and segmentation. Additionally, 70% of participants felt that there was strong competition from street vendors who sell cheap and imitable handsets from China and South Africa and also from other regional brands such as Tecno from Nigeria as already identified on Figure 4.6.1.4. In contrast, only (30%) responses indicated that there is low competition from vendors and other cheaper regional brands as most customers are now looking for durable brands with

guarantees and back up services in case of any technical faults. About (80%) of the participants felt that Samsung or Nokia pose a low competition threat to MCXZ because it is out of their league. Contrary, only (20%) participants felt that Samsung was a very strong competitor citing that MCXZ has premium products designed for the same customers as for Samsung. Some of the narratives from participants pertaining to the competitors of MCXZ:

PAT2: "Competition is very high in the industry as we are chasing for few customers, considering that everyone is selling mobile handsets to survive. However, we have strong competition from Huawei and two other local companies as we have the similar products, same clients and prices within the same range."

PAT9: "Competition is very tough, we are competing with well-established companies like Samsung, Nokia and Huawei and also two local companies, vendors and some regional brands."

PAT5: "Our main competitors are Huawei and two local companies who have similar products, similar price range and competing for the same clientele. As for Samsung and Nokia they are out of our league and their products are more superior such that we don't compete for the same clientele."

PAT13: "In Zimbabwe people are just looking for cheaper products to suit their pockets, wherever they can get them they will buy. Therefore, everyone selling mobile handsets is a strong competition."

According to the above narratives from participants, there is strong competition for MCXZ in the industry.

4.2.11. MOBILE COMPANY X ZIMBABWE CUSTOMERS

The study wanted to establish MCXZ customers in the industry. The actual percentages were adapted from MCXZ Annual Report (2016) as discussed in Chapter 3.2 and participants, in Figure 4.9 below.

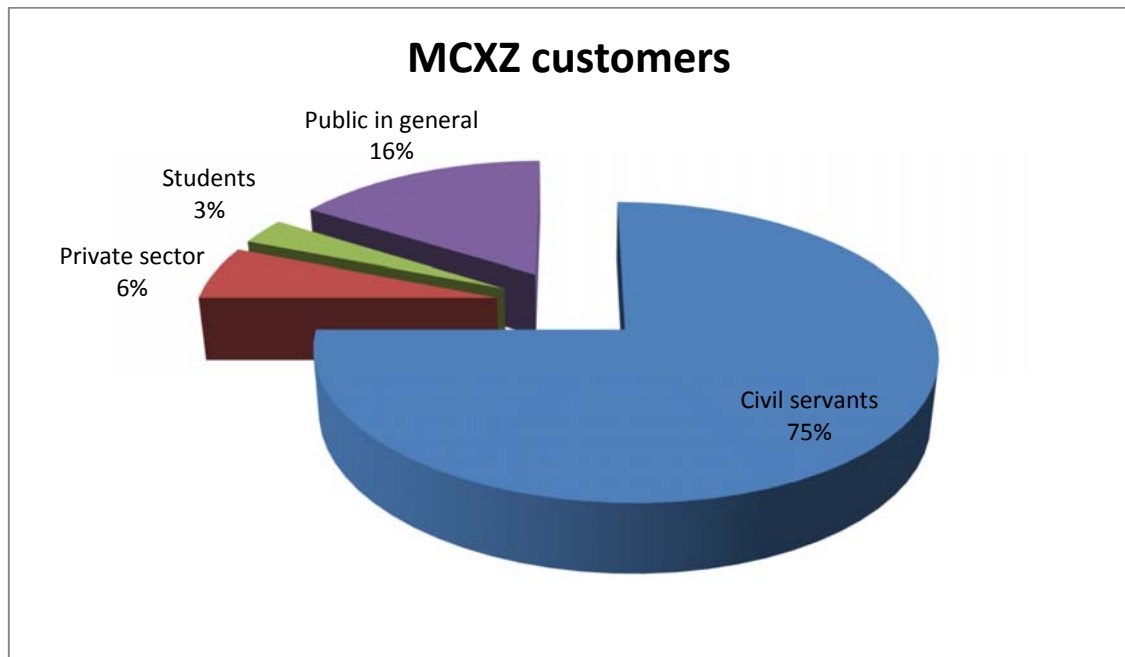


Figure 4.9: MCXZ customers

Source: Adapted from MCXZ Annual Report (2016).

Figure 4.9 revealed that MCXZ's main customers (75%) are civil servants (government employees), followed by general public with (16%). While, only (6%) and (3%) customers are from private sector and students respectively. Some of the narratives from participants:

PAT1: "Many companies have closed down and government is the main employer with many employees in the challenging economy."

PAT6: "Government employees because they have guaranteed salaries every month as other workers in private companies can go up to three months without receiving their monthly salaries"

PAT11: “Civil servants, we give them credits, as it is easy to get our payments through stop orders from the Salary Services Bureau.”

PAT4: “Currently civil servants but ever since we introduced the flexible credit plan for self-employed people... we have experienced a significant growth of customers in that segment.”

The research findings reveal that government is the main employer as many companies have closed down or are downsizing due to the challenging economy as stated in Chapter 2.5.1. In addition, the participants mentioned that government employees have guaranteed salaries every month and it is easy to access the payment through the stop order system with the department of salary services bureau. Unlike in the private sector with (6%) where employees can go for three months without receiving their monthly salaries. Participants revealed that MCXZ has about (16%) customers from the public, mainly those benefited under the bottom of the pyramid innovation and those who are self-employed. The last group is tertiary students who constitute (3%), as MCXZ is targeting the young segment by providing them with affordable entry-level smartphones. Accordingly, MCXZ’s major customers are civil servants.

4.2.12 EMPLOYEES’ UNIQUE SKILLS

The researcher sought to establish the unique skills that MCXZ employees possess which give them the competitive advantage in the industry.

PAT1: “We thrive on the commitment and dedication of our staff, we are a family”

PAT7: “There is a shortage of experts in the country but we do have staff with unique skills”

The findings revealed that MCXZ as an emerging company operating in a challenging economy managed to grow and survive due to the contribution of its employees. It was noted that MCXZ has employees with unique skills especially in the area of development and designing of mobile handsets. The designers enabled MCXZ to design and produce

differentiated mobile handsets with unique features and applications that satisfy consumers. Participants also revealed that information technology (IT) engineers offer unique skills in the after sales services facilities which is one of the key success factors for surviving in the mobile industry. They have the knowledge on dealing with customer repairs and any troubleshooting on the mobile handsets giving the company a competitive edge over their competitors. Participants revealed that there is a critical shortage of experts in mobile or cell phone technology in the economy but MCXZ has few vital staff with unique skills in the industry. Furthermore, the company also focused more on employees' versatility and ability to multitask (MCXZ Human Resources Report, 2015). MCXZ provides intensive in-house training and development for its employees to enhance versatility in critical areas such as marketing, customer care and sales just to name a few. According to Leimbach (2013) versatility is where employees are capable of easily adapting from one task to another or various tasks or fields of endeavor. Therefore, "in the challenging economy it was critical to have employees who can adapt quickly to customer needs, marketing demands and competitors' threats" said participants 3, 6, 7 and 10. "Employees at MCXZ believe in achieving targets within the stipulated time frame" said participant 13. In addition, participants 2, 8, 11 revealed, employees think out of the box and competently perform duties often beyond their job description.

On the other hand, the study found that MCXZ thrives due to employee commitment and dedication. Participant 12 indicated, that "employees are not happy due to poor salaries and sometimes we get half salaries just to sustain us, but we are a family." Employees at MCXZ are committed and dedicated to do their work despite the financial challenges they sometimes endure. It was noted that the employees remain committed and motivated because they understood the salary challenges and did not have any other option but to remain committed and motivated to the company considering the unemployment rate in the economy. The research findings showed MCXZ employees unique skills and commitment and dedication makes them competitive in the challenging economy.

4.3 SUMMARY OF THE FINDINGS OF THE STUDY

Table 4.4 below summarises all the main findings presented in this chapter.

Table 4.4: Summary of the main findings of the study

	Main findings
1	The participants were 5 top managers and 8 middle managers in positions such as general manager, Audit director, Research and development, Financial director, Marketing, sales and retail, Head of credit control, Human Resources, Zimbabwe head of department, Head Office Accountant, marketing manager, Sales manager and Retail manager.
2	It emerged that both top and middle managers have experience ranging from 3years to 6years at MCXZ.
3	The findings showed that (62%) indicated that the general performance of MCXZ was good, while (23%) described the performance as surviving and only (15%) highlighted that the performance was very good. In short MCXZ performance was good.
4	All participants (100%) revealed that MCXZ was following a growth business strategy, which was achieved through the utilisation of market penetration, market development, product development and strategic alliances.
4.1	On average (70%) participants showed that all business strategies were working well and did not need urgent change, especially the growth business strategy (80%) and market penetration (80%).
5	Most participants (80%) indicated that MCXZ managed to meet the set targets in areas such as number of handsets sold, increase sales revenue, number of retail outlets opened, number of sales agents employed in remote areas and increase the market share. Though about (20%) indicated that set targets are not met in some areas because they are still working on the targets or the set targets have been over-taken by rapid changes in the economy.

6	It was noted that consumer needs, competitor performance, company vision and capacity and key success factors of the industry are the vital factors influencing the strategic choice of business strategies at MCXZ.
7	All participants (100%) indicated that the banking crisis presented the key challenges which have a negative effect on the operations of the company. These are shortage of cash and foreign currency and limited access to finance the business.
8	All participants (100%) revealed that Huawei, and two local mobile companies are the direct competitors as they offer similar products, same range of prices and cater for same customers as MCXZ. While (70%) indicated that street vendors and other products from the region are competitors and only (20%) showed that well established companies such as Samsung and Nokia are posing a threat to MCXZ.
9	The findings showed that civil servants or government employees are the main customers (75%) at MCXZ, followed by (16%) general public, (6%) private sector and only (3%) students.
10	The findings show that MCXZ have employees with unique skills on mobile phones technology dealing with mobile phones development, designing and maintenance. Furthermore, the company mainly focuses on the culture of employee versatility and multitasking. Therefore, they provided an intensive in-house training and development in critical areas such as marketing, customer care, sales and research and development in order to enhance versatility and multitasking skills.

11	<p>About (80%) participants indicated that the use of on-line purchasing or payment, marketing and fast changing of applications have both positive and negative effect on the business operation of MCXZ. On the positive side, the company is benefiting through mobile money transfers due to shortage of cash, increased sales of BOP products used for mobile money transfers with many and marketing products on the internet and social media platforms. Whereas the negative effects are limited and these include internet penetration, poor infrastructure, limited regulatory policies to protect consumers, availability of secure internet services and exorbitant prices of smartphones and internet data.</p>
12	<p>All participants (100%) indicated that organisational agility, quality and affordability of products, research and development and after sales services and accessories are the key success factors in the market.</p>
13	<p>Most participants (80%) pointed out that foreign currency priority policy and import and export government policy directly impacts on MCXZ business strategies. In addition, the reluctance by government to put in place anti-dumping policy negatively affects MCXZ because the market is flooded with cheap imports from China. Lastly indigenisation policy negatively affects the economic environment in Zimbabwe and makes it impossible for companies like MCXZ to attract international investors.</p>

4.4 Framework for MCXZ survival strategies in the challenging economy

From the summary of the main findings discussed above the researcher created a framework (Figure 4.10) which depicts how Mobile Company X Zimbabwe survives in a challenging economy. Furthermore, the framework outlines the business strategies employed by MCXZ, the driving forces that influenced the bus strategies, the key success factors and finally the outcome achieved.

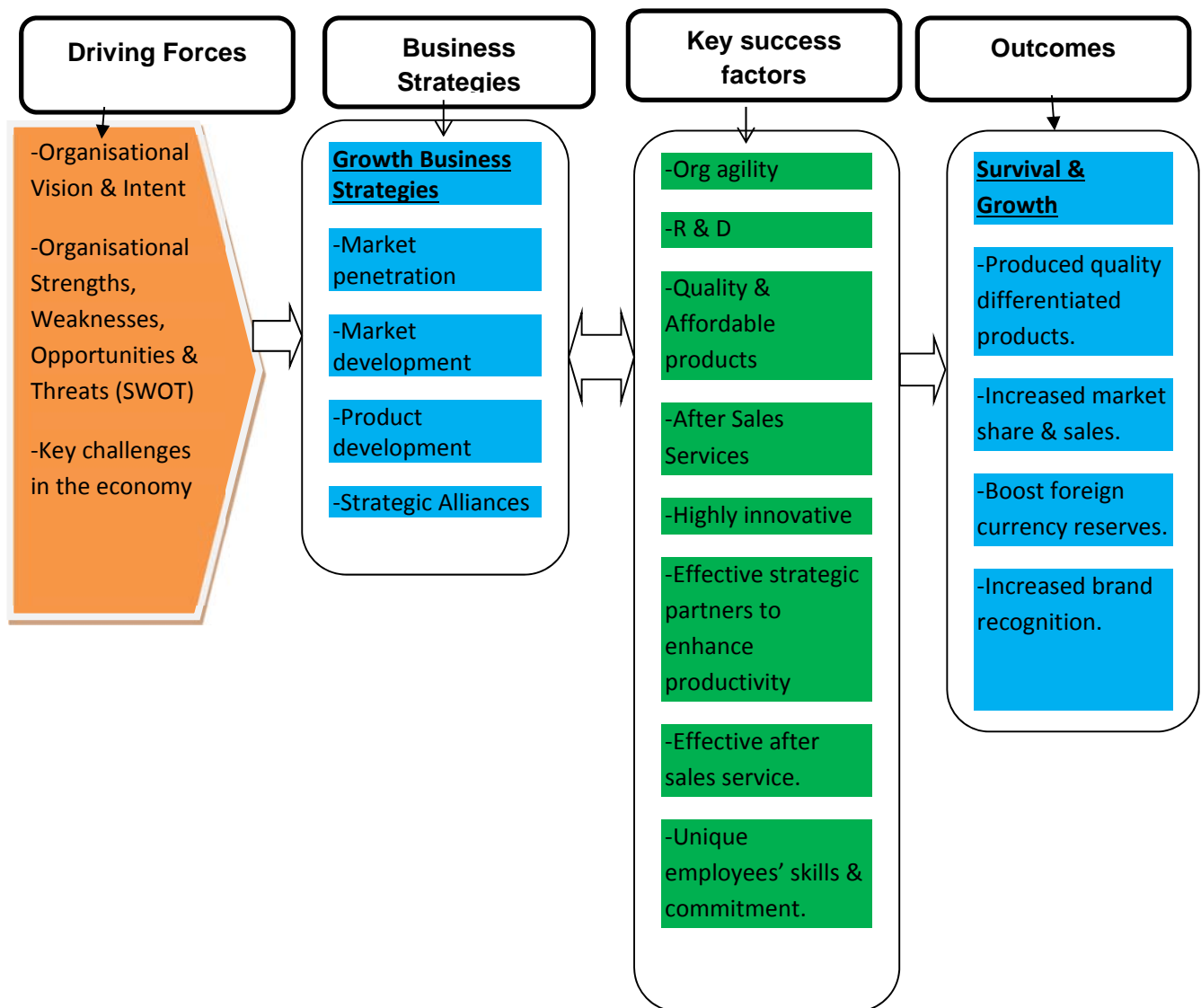


Figure 4.10: Framework for MCXZ survival strategies in the challenging economy

Source: Author compilation

Figure 4.10 illustrates how MCXZ survives and continues growing in a challenging economy according to the findings of the study. The first part shows that MCXZ identified what can be termed driving forces stated in Chapter 4.2.5 and 4.2.8 to establish which business strategies to employ in the challenging economy. The company followed growth business strategies through utilising market penetration, market development, product development and strategic alliances as identified in Table 4.1 in Chapter 4.2.3. The framework further indicates that while employing their business strategies MCXZ continues to incorporate the key success factors as illustrated above. MCXZ uses effective for the industry in their own unique way in order to meet consumer and industry expectations while outperforming their competitors. MCXZ uses organisational tactics such as effective communication which makes them an industry leader in decision making, and also they employed highly qualified employees' with unique skills and commitment just to mention a few as stated in Chapter 4.2.1.2 and 4.2.8, to effectively implement their business strategies. Lastly, MCXZ manages to survive and grow in the challenging economy by producing quality differentiated products which have helped a lot in the recognition of their brand and this in turn boosted their market share and sales increased both locally and in the export market. It is vital to note that the framework works for MCXZ and other companies operating in the same context can use the framework to achieve growth or could possibly use an adapted version of the framework.

4.5 SUMMARY

The purpose of this chapter was to report on the findings of the current study. Findings were related to the primary and secondary research questions as asked in Chapter 1. The aim was to establish the business strategies employed by MCXZ in a challenging economy for it to survive.

Findings suggested that MCXZ indeed employed growth business strategies focusing mainly on market penetration, market development, product development and strategic alliances business strategies. MCXZ managed to grow and survive but it was faced with many key challenges such as shortage of cash and foreign currency, limited access to credit lines, competition, demanding customers, rapid changes of technology and unfavourable

government policies. The findings revealed that it was critical to comply with the key success factors in the industry. The bottom line is that the company managed to survive and it is growing. The company managed to expand to six provinces in the country and opened four branches in four countries in the region. In addition, they are producing premium and differentiated range of products for professional and executives in private and government. In addition, they have a range of value for money products in bottom of the pyramid to cater for those affected by economic hardships, poverty and without electricity. Their products are durable and affordable with many considering the operating context.

The next chapter presents the conclusions and recommendations emanating from these research findings and indicates areas for further study.

Chapter 5

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This chapter will serve to depict conclusions from the study carried out and also make recommendations for Mobile Company X Zimbabwe (MCXZ) that can assist in sustaining their business strategies. In order to achieve this, it is vital to provide an overview of the purpose and objectives of the study. In addition, the discussion on the critical findings of the study is organised according to research objectives. Some activities that have already been establishment as a result of this study will also be discussed and this will lead to the identification of key recommendations of the study, future research in the area as well as some limitations of the study.

5.1.1 OVERVIEW OF THE STUDY

The Zimbabwe economy or business environment is fraught with challenges that make business survival extremely difficult and as such calls for extraordinary business strategies for organisations to survive. Organisations operating in this challenging economy are faced with many obstacles such as limited access to finance, shrinking markets, stiff competition, shortage of cash and foreign currency. Many organisations as a result were forced to close down and some to downsize their business operations. With this background, the study focused on MCXZ, an emerging mobile phones manufacturer that survived the challenging economy, as it managed to expand its operations within Zimbabwe and the region. So far the company employs more than 1500 workers and their mobile phones are very competitive in an industry that is dominated by well-established mobile phone companies such as Samsung, Nokia and Huawei just to mention a few. In year 2015, MCXZ was awarded two prestigious awards namely: (a) an outstanding mature business in Africa for innovativeness (African Leadership Network Report, 2015) and (b) fastest growing emerging company in the ICT sector (Zimbabwe ICT Achiever's Awards, 2014). Many scholars proposed different business strategies to be employed in a challenging economy or turbulent business environment. As

already discussed in Chapter 2.6.2 and 4.7.2, growth business strategies were proposed and these include market penetration, product development, market development, strategic alliances and innovation business strategies using research and development and bottom of the pyramid as vital in the challenging economy. Johnson *et al.* (2017) & Louw & Venter (2013) emphasise that the main driving force of business strategies is how well it responds and reacts to changes in the macroeconomic environment and the industry's key competitive conditions. In the light of this statement, it is vital to understand the unique variables of the challenging economy of Zimbabwe and the best survival business strategies MCXZ employed during this challenging time.

The motivation of this study was therefore to understand the survival business strategies employed by MCXZ and to recommend how they can improve in order to achieve sustainable growth.

5.1.2 RESEARCH OBJECTIVES

The objective of the study was to establish business strategies employed by MCXZ for them to survive the challenging economy. Therefore, the purpose of the study was to:

- Establish business strategies employed by MCXZ.
- Determine the threats posed by the challenging economy to MCXZ.
- Explore the effects of business strategies employed by MCXZ.
- To examine how government policies affect the business strategies being employed by MCXZ.
- Establish how MCXZ has managed to overcome the threats posed by the challenging economy.

5.2 FINDINGS OF THE STUDY

In accordance with the above-mentioned aims and objectives, and in order to successfully analyse and understand the business strategies employed in a challenging economy for

organisations to survive, a qualitative single case study research method was selected. This method was complemented by an extensive literature study and document analysis on the subject (refer to chapter 2). The findings of the study in terms of the aims set above are briefly discussed.

5.2.1 BUSINESS STRATEGIES EMPLOYED BY MCXZ

As discussed in Chapter 2.6.2 and 4.7.2.1, MCXZ employed growth business strategies in the challenging economy for them to survive. They utilised market penetration, product development, market development and strategic alliances strategies. The aim of MCXZ was to grow the business and survive in the challenging economy. The growth business strategies they employed are similar to the ones proposed by Ansoff (2013) for businesses operating in turbulent economies as stated in Chapter 2.4.2.1.

The study showed that the utilisation of the market penetration business strategy enabled MCXZ to increase sales and market share. The company took advantage of low prices and quality products to increase product demand and the market share hence it produced more products to meet the demand. In other words, the market penetration business strategy was very effective as MCXZ managed to achieve increased sales and market share. In terms of limitations, study found that the shortage of foreign currency was a major obstacle in the implementation of market penetration because MCXZ sometimes experienced delayed deliveries due to late payments to suppliers and manufactures. As a result, MCXZ at times failed to meet the product demand in the market.

Furthermore, the study showed that product development was achieved at MCXZ through continuous research and development. MCXZ managed to produce quality, differentiated and affordable products ranging from premium smartphones, entry level smartphones and bottom of the pyramid handsets. The study found that through product development, MCXZ also managed to keep up the pace with rapid technological changes experienced in the industry. However, the study noted that the research and development unit at MCXZ was inadequately funded and also lacked expertise to manage it effectively. The main obstacle was lack of

resources because of limited credit lines in the challenging economy, as stated in Chapter 4.8.1.3.

The study showed that MCXZ employed market development business strategy in order to achieve growth and survival in the challenging economy. It was noted that through the market development business strategy, MCXZ managed to expand to new geographical markets such as opening new branches in six provinces in Zimbabwe and other branches in the continent namely Zambia, Tanzania, Malawi and South Africa. The findings resonate with Louw & Venter (2013:342) who explain that exploring new markets with the aim of meeting needs with current products was another form of growth. However, MCXZ did not employ diversification according to Ansoff Matrix (2013) on proposed growth strategies in turbulent economies, but instead added strategic alliances. It emerged in Chapter 2.6.2.5 that the diversification strategy was associated with high risk and high expenses which are two variables that are not conducive in the challenging economy.

As discussed in Chapter 2.6.2.6 and 4.7.3.4, strategic alliances permitted MCXZ to transform its distribution channel through securing partnerships deals with large retailers and mobile network providers in Zimbabwe. The aim was to ensure accessibility and availability of their products to consumers. MCXZ also secured other partnerships with Airtel in Zambia and MTN in South Africa in order to sell its mobile phones in every market where these two mobile network providers are operating. Nevertheless, the study found that the distribution channels with large retailers and mobile network providers did not yield expected results as all the competitors in the market except for vendors were using the same distribution channels. This means the competition was high, and the distribution channels partners did not have capacity to promote and sell different mobile phones brands from many different companies, which was a major challenge on the employment of strategic alliances. Johnson *et al.* (2015:248) support the findings of the study that strategic alliances can be suitable strategy when partners in the alliance are competent and of good quality.

The study established that through the employment of market penetration, market development, product development and strategic alliances business strategies, MCXZ

managed to grow and gain brand recognition, increased market share and revenue through their competitive premium and low entry quality and affordable smartphones, thus growth. Deloitte (2014) reported that mobile markets are highly competitive but the profitability of individual companies is driven mainly by their ability to develop new products, providing better service, making their products affordable for consumers.

The findings of the study revealed that business strategies employed by MCXZ were effective and enabled the company to survive and grow in the challenging Zimbabwe.

5.2.2 THE THREATS POSED BY THE CHALLENGING ECONOMIC CLIMATE TO MCXZ

Findings in the study revealed that the Zimbabwe challenging economy was characterized by political turmoil, unpredictable and inconsistent business policies, bad governance, lack of rule of law, huge government debt and high rates of unemployment just to mention a few. The above-mentioned variables caused the business environment in Zimbabwe to be very hostile to operate in, and it posed threats to the business strategies that were being employed at MCXZ as discussed in Chapter 1.7.4, 2.8 and 4.8. This concurs with Afande (2015) & Mamvura (2015) who state that the Zimbabwe economy is fragmented, volatile, hostile, and turbulent to do business and negatively impacted on organisations operating in it.

It was noted that there were many threats in the challenging economy but only threats affecting organisations similar to MCXZ were discussed in this study. Therefore, the findings of the study showed that MCXZ was faced with the following threats; banking crisis (shortage of cash and foreign currency and limited access to credit lines), intense competition, rapid technological changes, shrinking markets, customer demands and inconsistency government policies. The study found that all these threats were negatively affecting the operations of MCXZ and the employment of its business strategies. However, the study found that despite the threats posed by the challenging economy, MCXZ through the employment of its business strategies managed to survive. Certainly, the business strategies they adopted have positive results in the challenging economy. As Lynch (2012:145) explains that in such challenging

economy the ability to strategically adapt is critical in order to survive. In addition, the study found that government policies were major threats which MCXZ could not change, as such the effect of government policies are discussed below.

5.2.3 THE EFFECT OF GOVERNMENT POLICIES ON THE BUSINESS STRATEGIES BEING EMPLOYED BY MCXZ

The government policies played a major role on the business strategies employed by MCXZ as discussed in Chapter 1.7.4.1, 3.6 and 4.2.9. It was noted that the economic situation in Zimbabwe was caused by many variables, including bad policies and policy inconsistencies by government and the ruling party as stated in Chapter 1.7.4.1. The findings of the study showed that there were four critical policies that had a direct effect on the business strategies employed by MCXZ. Firstly, the foreign currency priority list policy (Exchange Control Directive RR 101/2016 of the Exchange Control Act, Chapter 22:05). This policy determines which industry or company should be allocated foreign currency first. The policy was not favourable as MCXZ was placed at the bottom of the list since mobile phones were deemed as a luxury and not necessity as stated in Chapter 4.8.1.2. The study found that MCXZ relied heavily on imported raw materials and also it manufactures its mobile phones in China. Therefore, MCXZ was negatively affected as it experienced late payments to suppliers and manufacturers which resulted in delayed deliveries of the final products and additional costs on interest attained due to late payments.

The findings from the study showed that the import and export policy Instrument 64 of 2012 introduced free duty for all ICT equipment and products. Then in year 2014, government scrapped import waiver on all ICT equipment and products instead introducing export incentives only to manufacturing companies. The policy did not take into account companies similar to MCXZ who import for the enhancement of the economy. Therefore, the change of policy affected MCXZ negatively due to its reliance on imported ICT products and components as already stated above. As a result, MCXZ incurred high production cost on its

mobile phones and this directly affected the product prices in an economy where affordability is a critical competitive advantage.

In addition, the study found that the government did not have an anti-dumping policy in place, in order to protect local companies from low cost products from China and South Africa as stated in Chapter 4.8.4.3. This has resulted in the market being flooded by cheap products smuggled through the country's borders. This means MCXZ was also faced with increased competition from vendors in the market.

Lastly, the research findings showed that indigenisation policy negatively affects the economic environment in Zimbabwe as international investors stop doing with in the country. As a result, companies like MCXZ bear the cost of failing to attract international partners and investors in their businesses. It emerged that with the change of government in November 2017, in March 2018, the new government has gazetted the repealing and amendment of indigenisation policy in order to make the country more favourable to international investors. This is in line with the new government's motto that "Zimbabwe is open for business". The amendment of the indigenisation policy initiative is anticipated to stabilise the economic environment in Zimbabwe, thereby enable organisations like MCXZ to continue to grow and have sustainable competitive advantage.

It was noted that in the challenging economy, government policies were not stimulating economic growth hence they had a negative effect on the performance of organisations like MCXZ. The study established that some government policies could have favourable impact to organisations. The major obstacle was inconsistency in policies and practice as discussed in Chapter 2.8 and 4.8.4. Policy inconsistency applies where, what is happening in practice is completely different from the actual policy due to corruption, lack of monitoring mechanism and bad governance in the challenging economy. Consequently, companies like MCXZ are the ones to bear the consequences.

5.2.4 HOW MCXZ MANAGED TO OVERCOME THE THREATS POSED BY THE CHALLENGING ECONOMY

The challenges or threats in the economy were national problems which cannot be solved by individual companies such as MCXZ. However, companies like MCXZ managed to overcome the challenges by finding ways to manoeuvre around some of the challenges in order to survive and grow. It was evident that MCXZ managed to overcome the threats posed by the challenging economy through the employment of growth strategies as discussed in Chapter 4.7.2.1 and 5.4.3. It was noted that there were many threats or challenges in the economy, but only key threats pertaining to the research findings will be discussed below highlighting how MCXZ overcome them.

5.2.4.1 Banking crisis and financial situation

The findings of the study revealed that there were three critical challenges posed by the banking crisis namely shortage of cash, shortage of foreign currency and limited access to credit lines as stated in Chapter 2.8, 4.8.1 and 5.4.2. It was noted that MCXZ through the employment of market penetration and product development business strategy MCXZ managed to improve the cash flow in the organisation and increased sales figures. Foreign currency received from branches in other countries in the continent cushioned the operations of the Harare Office. In addition, MCXZ managed to finance its operations through selling more products. The shortage of cash gave MCXZ an unforeseen advantage as consumers bought more bottom of the pyramid (BOP) mobile phones due to the long-lasting battery aspect. BOP mobile phones are now used to do cash transactions through mobile money transfers in the challenging economy as stated in Chapter 4.8.1.1.

5.2.4.2 Intense competition

The findings of the study found that the mobile industry was highly competitive with competitors such as Samsung, Nokia, Huawei, two local companies, regional brands and street

vendors as discussed in Chapter 1.3.2.6, 2.8 and 4.8.4.3. It was noted that MCXZ employed product development and market development business strategies in order to be competitive. Through producing innovative and differentiated products, MCXZ managed to differentiate itself from competitors, increased its market share and sales. In addition, the use of mobile agents affords MCXZ the opportunity to explore unmet markets in remote and rural areas, thus increasing their market share.

5.2.4.3 Customer demands

The study found that the market was shrinking due to the high rate of unemployment, little disposable income and general economic hardships as stated in Chapter 2.8 and 4.8.4.3. Therefore, companies in the mobile industry were competing for few customers who were demanding differentiation, quality and affordable products as discussed in Chapter 4.8.3.3. The main customers in the economy are civil servants because of their guaranteed salaries at the end of each month. The study established that MCXZ utilised product development to produce quality, differentiated affordable prices to attract more customers and to meet consumer expectations. The study also found that MCXZ managed to make their products accessible and provide extra services such as after sales services and accessories, guarantees and smartphones upgrades to gain customer loyalty.

5.2.4.4 Rapid technological changes in the mobile industry

The study found that MCXZ mobile phones were designed and assembled in Zimbabwe. Whereas the manufacturing process was done in China where they have advanced technology suitable for competitive mobile phones as discussed in Chapters 1.3.2.6, 2.8 and 4.8.2. MCXZ has a research and development unit under the product development business strategy for continuous development in order to keep up with the rapid technological changes in the mobile industry. The study found that consumers keep on upgrading their mobile phones to keep up with the rapid changes in applications and features hence increasing sales. It was noted that the digital divide and banking crisis have hindered the uptake of online purchasing.

The study found that the success of MCXZ business strategies was influenced by key success factors in the industry. These key success factors are organisational agility, research and development, quality and affordable products and after sales and accessories as stated in Chapter 4.6.4. It emerged that organisational agility was critical for business strategies employed by MCXZ to be effective. The participants highlighted that, because no company could predict all of the changes that would occur, it was crucial to have organisational agility to be able to react quickly, improvising if necessary. This meant shifting resources internally, adapting existing competencies and capabilities, creating new competencies and capabilities and not falling far behind competitors.

In addition, another key success factor was research and development. The mobile phone industry is characterised by high competition, rapid changes and advanced as stated in Chapter 4.6.4.2. The study revealed that research and development enabled MCXZ to forecast future technologies, competitor and customer trends in order to exploit opportunities in the market ahead of their competitors. Hence MCXZ provided MCXZ with the ability to produce competitive products in the industry. Therefore, it was also through research and development under product development business strategy that MCXZ managed to be competitive and to meet customer expectations. However, the research and development unit at MCXZ was under funded due to limited operational resources and it was also faced with lack of expertise.

The study established that effective after sales services and accessories was another key success factor as discussed in Chapter 4.2.8.4 which assisted MCXZ to overcome the threats posed by the challenging economy. It was noted that after sales services and accessories was used to gain consumers' confidence in the market. Generally, consumers who aspired for durable products prefer to buy from companies who offer such services than to buy products that did not last. By so doing the study found that MCXZ attracted many customers who used to buy from other competitors and vendors.

The study found that these key success factors influenced the success and performance of the business strategies employed by MCXZ. As a result, through incorporating business strategies

and key success factors, MCXZ managed to overcome the threats posed by the challenging economy.

5.3 RECOMMENDATIONS

In response to the research objectives that the study set out to achieve, recommendations that could be useful for MCXZ to achieve sustainable growth and competitive advantage. In addition, the recommendations are for the government of Zimbabwe to help them to stabilise the banking sector and create a conducive business environment. These ten recommendations emanating from this study are presented below:

5.3.1 Increase sales on products sold through distribution channels

It is recommended that MCXZ should break away from the standard order of doing business in order to increase sales and to be outstanding.

The findings of the study showed that in Chapter 4.2.3.4 through the employment of strategic alliance, MCXZ managed to partner with major retail and all local mobile network providers to sell their products. The study revealed that the sales from these distribution channels are very low because all competitors are using the same channels. Therefore, MCXZ should break away from the norm by introducing a product merchandiser to promote and sale their products in the distribution channels. Accordingly, MCXZ will increase its sales and stand out.

5.3.2 Adopt product export strategy

It is recommended that MCXZ should focus more on exporting its products to the rest of Africa.

The study found that MCXZ needs foreign currency for it to implement its business strategies successfully. However, there is shortage of foreign currency in the challenging economy. Therefore, MCXZ should take advantage of the new government's import tax incentives and financial assistance for manufacturing companies who want to export their products. Currently

the company has branches in four countries in the region as stated in Chapter 1.2.2, 4.2.3.2 and 5.2.1 and it can benefit more if it exports to the rest of Africa in order to improve its foreign currency reserves.

5.3.3 Strategic partners to boost research and development

It is recommended that MCXZ should find strategic partners in order to boost its research and development.

The researcher identified in Chapter 4.2.3.2 that the research and development section at MCXZ was not performing well due to inadequate resources and shortage of expertise. Literature showed that research and development is key in the mobile industry therefore MCXZ should find strategic partners to invest and bring in capabilities which will enhance research, innovation and development in the organisation. Furthermore, MCXZ should partner with university and college students to assist with research and creativity in order to reduce funding to the research and development section. In this regard, MCXZ will create a viable and competitive research and development culture for continuous growth thus competitive advantage.

5.3.4 Increasing the existing markets

It is recommended MCXZ should continue to enlarge its market share through serving key economic sectors such as farming, traders and youth. By developing unique applications on the mobile phones, that enhances communication on vital information of products and other business transactions.

The study established that MCXZ, through the employment of its business strategies managed to survive the challenging economy. Hence there is need to continue to enlarge its market share in order to gain sustainable competitive advantage. For that reason, MCXZ should be innovative enough in order to provide applications and features for the unique needs of key economic sectors such as farming, informal traders, students just to mention a few. This will

boost the economy, increase MCXZ market share in turn making a difference for the existing markets.

5.3.5 Enforcement of financial laws and regulatory requirements

It is recommended that the government should enforce financial laws and regulatory requirements in order to bring stability in the finance sector.

It was noted in Chapter 4.2.6 and 5.2.4.1 that some of the key challenges for MCXZ were caused by the banking crisis and financial situation in Zimbabwe such as shortage of cash, shortage of foreign currency and limited access to credits. Therefore, it is vital for government to revamp the financial sector through enforcing better financial laws and regulatory requirements. The stability in the financial sector will improve the performance and growth of companies operating in the challenging economy like MCXZ because cash and foreign currency will be available and companies can access credits to capitalise business easily.

5.3.6 Expand product life cycle

It is recommended that MCXZ should expand the life cycle of its products.

As identified in Chapter 4.2.7 of the study that due to rapid technological changes and shifting consumer tastes, mobile phones have a short life cycle in the industry. MCXZ in contrast should expand the life cycle of its products through continuous improvements, re-branding or introducing their products to different markets where the products have never been marketed before.

5.3.7 Sustainable growth

It is recommended that MCXZ should continue to monitor, update and enhance their business strategies in order to remain competitive.

The study established that the business strategies employed by MCXZ are working well because they managed to survive and grow in the challenging economy. Therefore, MCXZ should continue to constantly monitor, update and enhance their business strategies in order to remain competitive and sustainable in the challenging economy. On the other hand, MCXZ should also focus on short term objectives which should be continuously revised and changed according to the changes in the economy.

5.3.8 Change organisational structure

It is recommended that MCXZ should change its organisational structure for it to be agile.

The study found that organisational agility is one of the key success factors for surviving in the challenging economy as affirmed in Chapter 4.2.8.1. Agility is characterised by the ability to have effective communication and rapid decision making and execution in order to be competitive and survive. As a result, agility can only be achieved at MCXZ if they changed their functional organisational structure as discussed in Chapter 1.2.2.1, Figure 2.1 which is rigid and inflexible to a flat organisational structure. Flat organisational structures eliminate bureaucracy and red tape thereby improving direct and effective communication, thus, empowering employees to take prompt decisions essential to the operating context.

5.3.9 Adopt proactive strategies

It is recommended that MCXZ should adopt proactive strategies rather than reactive strategies in managing the rapid changes and uncertainty in the challenging economy.

The research found that rapid changes and high uncertainty makes it difficult for MCXZ to anticipate threats in the challenging economy. Accordingly, they are relying on adopting reactive strategies to deal with the threats. The researcher recommends that MCXZ should develop strategies and tools such as pre-scanning, forecasting, tracking information and trends in the market in order to be proactive. Adopting proactive strategies will enhance their competitiveness through exploiting opportunities ahead of their competitors and counter threats posed by the challenging economy.

5.3.10 Anti-dumping policy

It is recommended that government should put in place an anti-dumping policy in order to protect mobile companies.

The study found that there is no anti-dumping policy in the country. As a result, mobile companies are faced with fierce competition from vendors selling imitable and cheap quality mobile phones from China and other countries. Cheap and fake mobile phones have flooded the market making it difficult for mobile companies to grow. Therefore, there is need for government to protect the mobile phone sector through putting in place an anti-dumping policy.

5.4 PERSONAL REFLECTIONS

Undertaking this study has been rewarding through its revelation of how emerging companies in challenging economy are determined to survive and grow despite the situation. The researcher's understanding of the challenging economy and business strategies was completely different with what was happening on the ground. The perception in Zimbabwe was that you need to be "politically connected" for your business to be successful. However, the researcher established that MCXZ was apolitical but they achieved their growth and survival through hard work, determination and believing in their vision. Furthermore, the researcher found that the uncertainty and changes in the economy were so severe that it was difficult to predict what would happen next, as such every business move had a short life cycle. Therefore, survival was mainly dependent on how to exploit opportunities when they still exist and how to respond to the threat posed by rapid changes. The researcher found that knowing the right time to walk away was another strategy in a challenging economy. One interesting thing noted by the researcher was that in the challenging economy of Zimbabwe, there are three prices on each product based on your payment mode and type of currency used. That is if paying cash using the US dollar you pay the lowest price, if using bond note, you pay medium price and if using mobile money transfers you pay the actual price. However, the

researcher's perception for locally produced mobile phones was very low but now the researcher respects the products considering the effort and genuineness they invested in order to produce them. The researcher also learned that crisis produces winners and thinkers, the challenging economy produces innovators who are crucial to the survival of organisations and for the betterment of the economy and up-liftment of the lives of many. The researcher established that with the new dispensation in the country, there is hope for a stable economy and sustainability of companies like MCXZ.

5.5 CONCLUSION OF THE STUDY

This section outlines the conclusion of the study. The primary objective of the research study was to establish the business strategies employed by MCXZ in order to survive the challenging economy that was prevailing in Zimbabwe. It can be concluded from the study that the challenging economy that MCXZ operated in had a significant impact on the organisational growth and performance. However, MCXZ through the employment of growth business strategies utilising strategies such as market penetration, market development, product development and strategic alliances managed to survive and grow. Johnson *et al.* (2015:340); Grant (2008:128) note that companies tend to adopt similar business strategies in a challenging economy but yet, establishing growth and competitive advantage involves employing business strategies which are unique and have a strategic alignment with the operating context. Considering that many companies in the challenging economy were struggling and declining, MCXZ indeed employed business strategies which fit the challenging economy of Zimbabwe.

On the other hand, the research found that due to political instability, the operating environment was uncertain and highly turbulent. Business policies which affected business strategies were imposed by the government and the ruling party, as such MCXZ had to adapt to the deteriorating conditions in the economy for it to survive and grow. Mamvura (2015) found that for organisations to survive in a challenging economy they should enforce key success factors. One of the critical success factors was organisational agility according to the participants. That is, the importance of being quick to leverage information, rapid decision

making and execution and communication are the defining attributes of MCXZ. Therefore, key success factors influenced the business strategies employed in the operating context. In sum, the research found that the business strategies employed by MCXZ in the challenging economy were effective and assisted the company to overcome the threats posed by the challenging economy.

The study managed to achieve the research objectives as business strategies employed by MCXZ in a challenging economy were established. MCXZ also managed to overcome the challenges in the operating context. Rensburg & Venter (2012) denote that there has been a level of resilience by organisations, which is attributed to the business strategies employed in response to the operating context and this is true of MCXZ as it survived and achieved organisational growth despite the challenging economy.

5.6 LIMITATIONS OF THE STUDY

The aim of this research was to gather in-depth data rooted in organisational realities. As such, one of the limitations of this research is that there can be no claims for generalisation. This research only considered the business strategies employed by MCXZ in a unique challenging economy and only the experiences of 13 top and middle managers at Harare Head Office were utilized in study. Therefore, the research findings are positioned within the lived experiences of top and middle managers at MCXZ and may or may not represent the views of other mobile phone manufacturer companies in the industry.

In addition, the political turmoil and lack of rule of law in the challenging economy instilled fear in participants that they were initially hesitant to discuss some details of the challenging economy. However, as the interviews progressed, they were comfortable to give detailed data pertaining to the research objectives of the study.

5.7 FURTHER RESEARCH

The following areas are suggested for further research:

The current study only focuses on a single case research design (MCXZ). Therefore, the researcher recommends for a multiple cases research study covering all mobile phones manufacturer companies operating in the same challenging economy to establish the business strategies they are employing and how they are performing. In addition, findings of the study should be replicated to other sectors of the economy. All sectors of the economy are affected by the challenging economy in Zimbabwe. It would thus be important to know how they respond for them to survive.

The current study is cross-sectional and the researcher recommends a longitudinal research study on MCXZ in order to provide better results of business strategies employed over a period of time. Plus, it is crucial to establish whether MCXZ will manage to sustain its organisational growth in the future.

5.8 CHAPTER SUMMARY

This chapter focused on providing a chapter summary of the study, in addition reflection of the researcher was included. The summary of the chapter was carried out to highlight the important findings of the study in terms of the aims and objectives that were set. The researcher was able to achieve these aims and objectives and the chapter discussed several recommendations for MCXZ on how to continue to grow its business and achieve sustainable competitive advantage. This study also suggested further research areas on survival strategies in other sectors in Zimbabwe's challenging economy.

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APPENDIX A

The following interview guide will be used during the interviews.

- **Greet and thank the participant for the time taken to contribute towards the research.**
- **Outline the purpose of the research.**

Semi-structured interview questions.

-
1. **What is your position in the organisation?**
 2. **How long have you been with the organisation?**
 3. **Can you explain your organisation's performance in general?**
 4. **What business strategies are you employing in your organisation?**
Probe: Which ones work well and will not be changed? What needs urgent changes and why?
 5. **Do you have specific targets set and have you been able to meet these targets?**
Probe: Why, if the answer is not.
 6. **The challenging economy is characterised by rapid changes and volatility. When formulating business strategies, what factors do you consider most?**
 7. **What was the impact of the banking crisis and financial situation on your business operations?**
Probe: how does it affect your business strategies?

8. What form of competition are you faced with?

Probe: Who are your competitors and why?

9. Who are your customers?

Probe: How do you retain your customers?

10. What unique skills do your employees have which give you an edge in the industry? Probe: Do you provide training? Which areas do you target most?

11. You are in the ICT industry, what is the impact of technology on your business operations for example online purchasing, fast changing of application and marketing?

12. What are the key success factors that you used to survive the challenging economy? Probe: Why were the factors key to your survival?

13. Is there any government policy or policies which have a direct effect on your business strategies?

Probe: If yes, how do you deal with it?

14. Any advice you can give to organisations operating in the challenging business economy?

APPENDIX B

PARTICIPANT INFORMATION SHEET

30 January 2017

Title: **Business strategies of organisations in a challenging economy: The case of Mobile Company X Zimbabwe**

Dear Prospective Participant

My name is Mercy Mungwini and I am doing research with Nisha Sewdass, a Professor in the Department of Business Management towards a MA degree at the University of South Africa. We are inviting you to participate in a study entitled Business strategies of organisations in a challenging economy: The case of Mobile Company X Zimbabwe (MCXZ).

WHAT IS THE AIM/PURPOSE OF THE STUDY?

The aim of this study is to establish the business strategies employed by MCXZ in order to survive the challenging business environment in Zimbabwe.

I am conducting this research to find out which business strategies are suitable for organisations operating in challenging economy.

WHY AM I BEING INVITED TO PARTICIPATE?

All thirteen top and middle managers at MCXZ Harare Head office have been chosen as participants because they have been identified as valuable source of research information, given your status and the role you play in the organisation. Your contact details were furnished by the Head of Department after the researcher received an approval letter to use MCXZ as a case study.

WHAT IS THE NATURE OF MY PARTICIPATION IN THIS STUDY / WHAT DOES THE RESEARCH INVOLVE?

The study involves semi-structured interviews, which will last for 45 minutes per participant. The interview will be mainly focusing on the following questions:

1. What business strategies are being employed by MCXZ for them to survive in the challenging economy?
2. What are the threats posed by the challenging economic climate to MCXZ?
3. What is the effect of the business strategies employed by MCXZ?
4. How do government policies affect the business strategies being employed by MCXZ?
5. How MCXZ managed to overcome the challenges posed by the Zimbabwean economy?

CAN I WITHDRAW FROM THIS STUDY?

Yes, the participation is voluntary and that there is no penalty or loss of benefit for non-participation. Being in this study is voluntary and you are under no obligation to consent to participation. If you do decide to take part, you will be given this information sheet to keep and be asked to sign a written consent form. You are free to withdraw at any time and without giving a reason.

WHAT ARE THE POTENTIAL BENEFITS OF TAKING PART IN THIS STUDY?

There are no potential benefits such as rewards or payments are offered for participating in this study.

WHAT IS THE ANTICIPATED INCONVENIENCE OF TAKING PART IN THIS STUDY?

There are no potential risks associated in participating in this study other than participant's time.

WILL WHAT I SAY BE KEPT ANONYMOUS?

Please note that this research is highly confidential, and your name will not be recorded anywhere and no one will be able to connect you to the answers you give. Your answers will be given a fictitious code number or a pseudonym and you will be referred to in this way in the data, any publications, or other research reporting methods such as conference proceedings.

Your answers may be reviewed by people responsible for making sure that research is done properly, including supervisor and members of the Research Ethics Committee. Otherwise, records that identify you will be available only to people working on the study, unless you give permission for other people to see the records.

HOW WILL INFORMATION BE STORED AND ULTIMATELY DESTROYED?

Hard copies of your answers will be stored by the researcher for a period of five years in a locked cupboard/filing cabinet at the residence of the researcher for future research or academic purposes; electronic information will be stored on a password protected computer. Future use of the stored data will be subject to further Research Ethics Review and approval if applicable. After five years, all hard copies of information will be shredded and electronic information will be deleted permanently from the hard drive as a way of destroying it.

WILL I RECEIVE PAYMENT OR ANY INCENTIVES FOR PARTICIPATING IN THIS STUDY?

HAS THE STUDY RECEIVED ETHICAL APPROVAL?

There are no costs associated with participating in the research other than your time, and no payment or reward, or otherwise is offered.

This study has received written approval from the Research Ethics Committee of the College of Economic and Management Sciences, Unisa. A copy of the approval letter can be obtained from the researcher if you so wish.

HOW WILL I BE INFORMED OF THE FINDINGS/RESULTS?

If you would like to be informed of the final research findings, please contact Mercy Mungwini on +27 78 277 1425 or email address: mercymukanya@gmail.com. The findings are accessible for one year. Should you have concerns about the way in which the research has been conducted, you may contact Professor N. Sewdass on +27 12 429 2795 or email address: sewdan@unisa.ac.za

Thank you for taking time to read this information sheet and for participating in this study.

Thank you.

Mungwini

Mercy Mungwini (54100070)

APPENDIX C

October 16, 2016

48 Veronique Complex
258 Honeysuckle Street
Magalieskruin X21
Pretoria, 0182

**RE: Consent for top and middle managers at Mobile Company X
Zimbabwe to participate in this study**

Dear Mercy

The above subject refers.

Mobile Company X Zimbabwe (MCXZ), Head of Department at the Harare Head Office has approved the participation of all thirteen top and middle managers in the study of Mercy Mungwini (54100070), a Masters student in Business Management at the University of South Africa (Unisa).

Mercy explained all the ethical issues pertaining to anonymity and that there is no risk to participants during the interviews and after the publication of results.

The research will be on **Business strategies of organisations in a challenging economy: The case of Mobile Company X Zimbabwe.**

Looking forward to working with you.

Yours sincerely

MCXZ

Head of Department (Harare Head Office)

